Supreme Court, U.S.
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No.

In the Supreme Court of the United States

IMPAX LABORATORIES, INC.,
Petitioner,

v.

ASTRAZENECA AB, AKTIEBOLAGET HÄSSLE, KBI-E INC., KBI INC. and ASTRAZENECA LP,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

JEFFREY J. TONEY
Counsel of Record
JOHN L. NORTH
WILLIAM F. LONG
SUTHERLAND ASBILL & BRENNAN LLP
999 PEACHTREE STREET
ATLANTA, GA 30309
(404) 853-8000

Counsel for Petitioner
Impax Laboratories, Inc.

Becker Gallagher Legal Publishing, Inc. 800.890.5001

QUESTION PRESENTED

In a patent infringement action, does the Seventh Amendment of the United States Constitution guarantee a jury trial on factual issues relating to a counterclaim seeking to have the patent declared invalid?

LIST OF PARTIES TO THE PROCEEDING PURSUANT TO RULES 14.1(b) AND 29.6

Petitioner Impax Laboratories, Inc. certifies that the names of all parties to this proceeding appear in the caption of this Petition for Writ of Certiorari.

Petitioner has no parent corporation, and no publicly held company owns 10% or more of its stock.

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Petitioner Impax Laboratories, Inc. ("Impax") respectfully petitions this Court for writ of certiorari to review the order of the Court of Appeals for the Federal Circuit denying Impax's petition for a writ of mandamus to reinstate Impax's wrongfully stricken demand for a jury trial on Impax's counterclaim seeking a declaration that two patents are invalid.

OPINIONS BELOW

The opinion of the Federal Circuit is reported at 2006 U.S. App. LEXIS 6931 and reproduced in Petitioner's Appendix ("App") at 5a. The order denying panel rehearing was not reported but is reproduced in App. at 3a. The order denying rehearing *en banc* is reported at 2006 U.S. App. LEXIS 10771 and is reproduced in App. at 1a.

STATEMENT OF JURISDICTION

Impax seeks review of an order of the Court of Appeals for the Federal Circuit issued on March 2, 2006 denying Impax's Petition for a Writ of Mandamus to reinstate Impax's demand for a jury trial in the District Court. App. at 5a. The Court of Appeals issued orders denying a panel rehearing and a rehearing *en banc* on March 16 and April 13, 2006, respectively. App. at 3a, 1a.

This Court has jurisdiction under 28 U.S.C. § 1254(1) to review the Court of Appeals' decision by writ of certiorari. The Court of Appeals had jurisdiction to consider Impax's petition for a writ of mandamus under 28 U.S.C. § 1651. The District Court has jurisdiction over this case under 28 U.S.C. § 1338 and 28 U.S.C. § 1407(a).

CONSTITUTIONAL PROVISION

The Seventh Amendment of the Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right to trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

STATEMENT OF THE CASE

A. INTRODUCTION

This case presents the question whether the Seventh Amendment guarantees a jury trial on disputed issues raised in an independent declaratory judgment counterclaim seeking to invalidate a patent. The Federal Circuit held that the issue is governed by *Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005), in which it previously held, erroneously, that the right to a jury trial on such a counterclaim against the patentee depends entirely upon whether the patentee is seeking to recover damages from the accused infringer at the time of trial. *Id.* at 1290-91.

Technology Licensing Corporation has petitioned this Court for a writ of certiorari to review the Federal Circuit's *Technology Licensing* opinion. *See Technology Licensing Corp. v. United States Dist. Court,* Misc. Docket No. 765, docketed March 30, 2006. Technology Licensing Corporation's petition presents the same question as the present case. Impax respectfully submits that the Court should consolidate Technology Licensing Corporation's petition with the present one and consider them together.

The Supreme Court previously recognized the importance of the issue presented in this Petition and agreed to decide it in *American Airlines, Inc. v. Lockwood*, 515 U.S. 1121 (1995). The jury demand was withdrawn, however, before the Court issued a decision, thereby mooting the issue. *American Airlines, Inc. v. Lockwood*, 515 U.S. 1182 (1995).

In the present case, Petitioner Impax, the accused infringer below, timely demanded a jury trial on its counterclaims seeking a declaratory judgment of noninfringement, invalidity and unenforceability, and antitrust counterclaims. In a remarkable strategic ploy on the eve of trial, the patentee offered to dismiss its damages claim against Impax (but not its damages claim against Impax's distributor, Teva Pharmaceuticals USA, Inc. ("Teva")) if the district court would sever Impax's antitrust counterclaims and strike Impax's jury demand on its remaining counterclaims of non-infringement, invalidity, and unenforceability. The district court accepted the patentee's offer, severed Impax's antitrust counterclaims and struck Impax's jury demand. The patentee then voluntarily dismissed its claim for damages. Impax seeks review of the order of the Federal Circuit Court of Appeals denying Impax's petition for a writ of mandamus to compel the district court to reinstate the Impax's jury demand.

As previously noted, the Federal Circuit ruled that this case is governed by *In re Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005). The *Technology Licensing* court improperly decided that there was no right to a jury trial on an accused infringer's declaratory judgment counterclaim seeking to invalidate a patent unless the patentee was seeking to recover damages. The Federal Circuit opinion failed to take into account the critical fact that a counterclaim seeking a declaratory judgment of invalidity raises a legal (as opposed

to equitable) issue and demands independent legal relief: a judgment against the patentee that the patent is invalid.

The modern counterclaim seeking a declaration of invalidity is closely analogous to the 18th century English writ of *scire facias,* a common law action asserted against the patentee to invalidate his patent, a proceeding that was tried before a jury. The Federal Circuit's ruling therefore conflicts with this Court's numerous decisions holding that the Seventh Amendment preserves the right to a jury in cases analogous to an 18th century common law proceeding. *See, e.g., Tull v. United States*, 481 U.S. 412 (1987). Because the invalidity issue asserted in an independent action against the patentee would have been tried to a jury in a common law court at the time the Seventh Amendment was adopted in 1791, the issue must be tried to a jury today, without regard to whether other legal issues have been raised in the case (including whether or not the patent holder is seeking damages). *See Tull,* 481 U.S. at 425-426.

The *Technology Licensing* opinion also directly conflicts with two of the Federal Circuit's prior opinions: *In re Lockwood*, 50 F.3d 966 (Fed. Cir. 1995), *cert. granted*, 515 U.S. 1121, *vacated*, 515 U.S. 1182, and *In re SGS-Thomson Microelectronics, Inc.*, 1995 WL 258370 (Fed. Cir. April 25, 1995), *cert. denied, sub nom., Int'l Rectifier Corp. v. SGS-Thomson Microelectronics, Inc.,* 516 U.S. 931 (1995) (nonprecedential). The *Lockwood* court held that a counterclaim of invalidity gave rise to a right of trial by jury even though the patentee's damages claim had been dismissed pursuant to summary judgment. *Lockwood,* 50 F.3d at 969, 981. The *SGS-Thomson* court held that a right to a jury trial existed on a counterclaim seeking a declaratory judgment of invalidity notwithstanding that the patentee was seeking only injunctive relief and had never sought to recover damages.

SGS-Thomson, 1995 WL 258370, at *2. The Federal Circuit's attempt to harmonize its *Technology Licensing* opinion with its *Lockwood* opinion also has put the Federal Circuit's Seventh Amendment jurisprudence in direct conflict with other circuits. Moreover, the Federal Circuit's opinion in *Technology Licensing* unfairly placed the right to a jury trial in a patent case entirely within the strategic control of the patentee.

Impax therefore requests this Court to review the Federal Circuit's decision.

B. PROCEEDINGS BELOW

Petioner Impax is a generic pharmaceutical company. Plaintiff AstraZeneca and three related companies (collectively, "Astra") sued Impax in May 2000, initially asserting "artificial" infringement under 35 U.S.C. § 271(e)(2)(A) by virtue of Impax's Abbreviated New Drug Application ("ANDA") to the Food and Drug Administration ("FDA"). *See* Appendix in Support of Impax's Petition for a Writ of Mandamus ("PMApp.") at A46; s*ee Glaxo, Inc. v. Novopharm, Ltd.*, 110 F.3d 1562, 1569 (Fed. Cir. 1997). Impax had not yet received FDA approval to manufacture or market the accused pharmaceutical products, so Astra could not sue under 35 U.S.C. § 271(a)-(c) and could not seek to recover damages. *See* 35 U.S.C. §§ 271(a) and (e)(4)(C).

After the action was underway, Impax received FDA approval and began to manufacture and market the accused products in September 2004. PMApp. at A160. Astra responded by filing a Second Amended Complaint that added allegations of actual infringement under 35 U.S.C. § 271(a)-(c) and sought recovery of damages. App. at 39a. Astra contemporaneously filed a separate infringement action

seeking to recover damages from Impax's distributor, Teva. PMApp. at A354. In response to Astra's Second Amended Complaint, Impax timely asserted counterclaims seeking declarations of invalidity, noninfringement under 35 U.S.C. §§ 271(a)–(c) and (e) and unenforceability and seeking to recover damages based on antitrust counterclaims under *Walker Process* and "sham litigation" theories. PMApp. at A166. Impax timely demanded a jury. App. at 6a.

Astra did not raise any issue concerning Impax's right to a jury until after the close of discovery. In December 2005, without filing any motion and without any explanation about why it delayed so long before raising the issue, Astra expressed during an evidentiary hearing a desire to include Impax as part of a planned consolidated multi-month bench trial involving several other non-related defendants. PMApp. at A461. The bench trial was then scheduled to start only a few weeks later. *Id.* Astra "proposed" to the District Court that it would dismiss its damages claim against Impax (but indicating an intent to recover the "full measure" of its damages instead from Impax's distributor, Teva) if the District Court would sever Impax's antitrust counterclaims and strike Impax's jury demand. PMApp. at A476-A477.

Astra's unusual proposal was accepted by the District Court, which entered an order severing Impax's antitrust counterclaims and conditionally striking Impax's jury demand subject to Astra's dismissal of its damages claims against Impax. App. at 44a-45a. Astra then filed a dismissal of its damages claim with prejudice, which the District Court immediately signed. PMApp. at A11. The District Court denied Impax's motion for reconsideration. App. at 9a, 37a.

Impax petitioned the Court of Appeals for the Federal Circuit for a writ of mandamus to compel the district court to

reinstate Impax's jury demand. Without oral argument, a panel of the Federal Circuit issued an order on March 2, 2006, denying Impax's petition. App. at 5a. On March 16 and April 13, 2006, respectively, the Court of Appeals issued orders denying Impax's petition for a panel rehearing and a rehearing *en banc*. App. at 3a, 1a.

Meanwhile, the consolidated bench trial commenced on April 3, 2006, and is continuing into June 2006, with post-trial submissions thereafter. The commencement of the trial has not mooted the issue raised herein and this Court now should review the question presented. Were Impax to fail to pursue its petition with this Court, Astra may argue that Impax's petition for mandamus provided Impax's only opportunity to challenge the improperly stricken jury demand. *See Maldonado v. Flynn*, 671 F.2d 729 (2d Cir. 1982). If Astra's argument prevails, then Impax may be denied further opportunity to raise the issue after final judgment and the Federal Circuit's decision in this case forever would escape this Court's review.

SUMMARY OF ARGUMENT

The Federal Circuit erred by holding that the right to a jury trial on an accused infringer's independent counterclaim of invalidity depends entirely upon whether the patentee asserts a claim for damages in the same suit. *See App.* at 6a-7a (following *In re Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005)). The Federal Circuit failed to evaluate whether the independent relief requested by the accused infringer's counterclaim – namely, to invalidate the patent – asserts legal relief rather than equitable relief. *See Tull v. United States*, 481 U.S. 412 (1987).

The Federal Circuit's flawed holding resulted from improper application of this Court's "historical test" to determine whether the relief sought by a counterclaim of invalidity – namely, an affirmative judgment against the patentee that the patent is invalid – would have been tried in an 18th century common law court. The 18th century writ of *scire facias* to invalidate a patent, an action filed against the patentee and requesting a judgment of invalidity, is closely analogous to and serves as the best historical analog to the modern declaratory judgment counterclaim to invalidate a patent. The writ of *scire facias* was a common law action tried to a jury. The Seventh Amendment's guarantee of a jury trial therefore extends to a counterclaim seeking a declaratory judgment of invalidity, without regard to whether the patentee has asserted a damages claim.

A decade ago, the Federal Circuit wrongly decided that the writ of *scire facias* was not the best 18th century analog. *Lockwood,* 50 F.3d at 974 n.9.[1] Nevertheless, the *Lockwood* court determined that a declaratory judgment counterclaim of invalidity "is not purely an equitable issue" and therefore is guaranteed a right to a jury trial under the Seventh Amendment. *Id.* at 980. The patentee in *Lockwood* had sought to recover damages, but his claims had been dismissed as a result of an adverse summary judgment ruling. *Id.* at 969. The *Lockwood* court emphasized that the right to a jury trial could not depend upon the patentee's claims that had been dismissed. *Id.*

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[1] As previously noted, this Court agreed to review this opinion but the issue was mooted before the Court issued a decision. *American Airlines v. Lockwood*, 515 U.S. 1121 (1995); *American Airlines v. Lockwood*, 515 U.S. 1182 (1995).

In a subsequent opinion, the Federal Circuit again held that a counterclaim to invalidate a patent was guaranteed a right of trial by jury, notwithstanding that that patentee was seeking only equitable relief. *In re SGS-Thomson Microelectronics, Inc.*, 1995 WL 258370 (Fed. Cir. April 25, 1995), *cert. denied, sub nom., Int'l Rectifier Corp. v. SGS-Thomson Microelectronics, Inc.*, 516 U.S. 931 (1995) (nonprecedential). The *SGS-Thomson* court relied upon *Lockwood's* holding that a claim seeking a declaratory judgment of invalidity was a legal claim, and therefore, that either party was entitled to a jury trial on demand. *Id.* at *2.

In the recent *Technology Licensing* opinion, the Federal Circuit expressed that *Lockwood* was still binding law, but reached a decision that is incompatible with the reasoning and holdings of *Lockwood* and *SGS-Thomson*. *Technology Licensing* conducted no further analysis of whether a counterclaim seeking a declaratory judgment of invalidity constituted legal relief. *See Technology Licensing*, 423 F.3d at 1289-91. Yet, it concluded that the right to a jury depended solely upon whether the plaintiff was seeking damages at the time of trial. *Id.* at 1290-91.

This case presents the convergence of two issues of great importance: the right to a jury trial, and the issue of patent validity. The issue will arise frequently in pharmaceutical cases filed under the Hatch-Waxman Act, which are initially filed with no damages claim but which often provide the patentee an opportunity to amend with a claim for damages. This Court previously agreed to resolve the issue, the Federal Circuit repeatedly has refused to consider the question *en banc* despite vigorous dissents, and it appears unlikely that the lower courts will evaluate this issue further. Impax respectfully submits that this Court should decide the issue now.

REASONS FOR GRANTING THE WRIT

A. THE FEDERAL CIRCUIT HAS FAILED TO ADHERE TO THIS COURT'S SEVENTH AMENDMENT PRECEDENT

1. The Federal Circuit failed to consider whether a counterclaim seeking a declaratory judgment of invalidity raises a legal (rather than equitable) issue as an independent claim, apart from other issues that may exist including whether the patentee seeks damages.

In evaluating the right to a jury trial on a counterclaim of invalidity, the Federal Circuit erred by disregarding as irrelevant the *legal* (as opposed to equitable) nature of the counterclaim. The Federal Circuit mistakenly held (by following *Technology Licensing)* that "the accused infringer or declaratory judgment counterclaimant is entitled to a jury trial only if the infringement claim, as asserted by the patentee, would give rise to a jury trial." *See* App. at 7a; *In re Technology Licensing Corp.*, 423 F.3d 1286, 1290 (Fed. Cir. 2005).

Contrary to the Federal Circuit's reasoning, an invalidity counterclaim raises a legal issue and seeks legal relief. The Seventh Amendment therefore guarantees a right to have that issue tried to a jury, without regard to whether other equitable claims or issues have been joined in the action. *See Tull v. United States*, 481 U.S. 412, 425 (1987) ("if a legal claim is joined with an equitable claim, the right to a jury trial on the legal claim, including all issues common to both claims, remains intact"); *accord Dairy Queen, Inc. v. Wood,* 369 U.S. 469, 479 (1962); *Beacon Theatres, Inc. v. Westover,* 359 U.S. 500, 504 (1959). The Seventh Amendment's

guarantee of a right to a jury trial on a legal claim does not depend upon the procedural posture in which the claim is asserted. *See Ross v. Bernhard,* 396 U.S. 531, 533 (1970) (the Seventh Amendment preserves the right to a jury trial in any suits in which legal rights were determined "in contradistinction to those where equitable rights alone were recognized, and equitable remedies were administered ... [and] may well be construed to embrace all suits, which are not of equity and admiralty jurisdiction, whatever may be the peculiar form which they may assume to settle legal rights" (*quoting Parsons v. Bedford, Breedlove & Robeson*, 3 Pet. 433, 447, 7 L.Ed. 732 (1830))); *see also Tull,* 481 U.S. at 417.

The Federal Circuit erroneously reasoned that whether a counterclaim of invalidity is legal or equitable in nature is dependent upon the plaintiff patentee's requested relief. The Federal Circuit failed to recognize that a declaratory judgment claim seeking to invalidate a patent "presents a claim *independent* of the patentee's charge of infringement," even when it is asserted as a counterclaim to a patentee's claim of infringement. *See Cardinal Chemical Co. v. Morton International*, 508 U.S. 83, 96 (1993) (emphasis supplied). In *Cardinal Chemical,* this Court noted the "critical[]" difference between the mere affirmative defense of invalidity and a claim seeking a declaratory judgment of invalidity; the former may be mooted by a finding of noninfringement, while the latter is not. *Id.* at 93. The Federal Circuit's *Technology Licensing* opinion improperly reasoned that no difference existed between the affirmative defense of invalidity and a claim seeking a declaratory judgment of invalidity. *Technology Licensing,* 423 F.3d at 1289. Rather than analyzing the independent remedy sought by the counterclaim, the Federal Circuit erroneously looked upon it as constituting

a claim purely dependent on the patentee's election of remedies.

Whether the patentee seeks damages or only an injunction is entirely irrelevant to whether the independent relief requested by the accused infringer constitutes a legal remedy. This Court repeatedly has held that the Seventh Amendment guarantees a right to a jury trial on a legal claim even when it is asserted as part of an otherwise equitable proceeding. *Ross*, 396 U.S. at 538 ("legal claims are not magically converted into equitable issues by their presentation to a court of equity"); *Dairy Queen*, 396 at 473 n.8 ("It would make no difference if the equitable cause clearly outweighed the legal cause so that the basic issue of the case taken as a whole is equitable. As long as any legal cause is involved the jury rights it creates control.").

The Federal Circuit therefore failed to conduct the appropriate analysis. Whether the patentee is seeking to recover damages might be relevant to whether a right to a jury existed on the *patentee's* claims, but it should not impact whether a right to a jury exists on the *accused infringer's* independent counterclaim.

The correct analysis requires a determination of whether a declaratory judgment claim to invalidate a patent itself constitutes a legal action rather than a purely equitable one. If the counterclaim to invalidate a patent constitutes a legal action, then the Seventh Amendment guarantees a right to a jury without regard to the patentee's claim for relief.

2. A counterclaim seeking a declaratory judgment of invalidity must be evaluated under this Court's historical test to ascertain whether the Seventh Amendment guarantees a jury trial.

When not otherwise required by statute, the common law as it existed at ratification of the Seventh Amendment in 1791 determines whether an action presents a legal issue giving rise to a right of trial by jury. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996). Under this "historical test," either party is entitled to a jury trial in those actions that are analogous to late 18th century "suits at common law." *Tull v. United States*, 481 U.S. 412, 417-18 (1987).

When applying this test, the court must compare the claim asserted to the single, closest 18th century analog. *See id.* at 417 n.6. More importantly, the court must examine the remedy sought to determine whether it is legal or equitable in nature. *See id.* The remedy need not match precisely the remedy provided under the historical analog. *See Tull*, 481 U.S. at 420 (the Seventh Amendment requires jury trials "in actions unheard of at common law"); *see also Pernell v. Southall Realty*, 416 U.S. 363, 376 (1974) (statutory action at issue included right to a jury trial because it could fairly be characterized as a "substitute" for an 18th century common law ejectment action); *see Curtis v. Loether*, 415 U.S. 189, 195 (1974) (right to a jury existed because statutory cause of action was "analogous to a number of tort actions recognized at common law"). If the "nature of the relief authorized by [the modern action] was traditionally available only in a court of law, petitioner in this present action is entitled to a jury trial on demand." *Tull*, 481 U.S. at 423.

3. The 18th century common law writ of *scire facias* is the best historical analog to the modern declaratory judgment claim to invalidate a patent and, pursuant to this analog, the Seventh Amendment guarantees the right to a jury trial.

The writ of *scire facias,* an 18th century common law proceeding to repeal a patent, provides the best historical analog to the modern declaratory judgment claim to invalidate a patent. Like the modern declaratory judgment counterclaim to invalidate a patent, the writ of *scire facias* was an independent action brought *against* the patentee, not by the patentee. *See Lockwood,* 50 F.3d at 974 n.9. More significantly, the *remedy* provided under the writ – which this Court has emphasized is the more important part of the historical analysis – was exactly the same as in a counterclaim of invalidity: an affirmative judgment against the patentee that the patent is invalid. *See Tull,* 481 U.S. at 421.

The writ of *scire facias* was a legal proceeding in a common law court tried before a jury. 3 William Blackstone, *Commentaries on the Laws of England,* 48 (14th Ed.); *see also In re Technology Licensing Corp.*, 423 F.3d 1286, 1292-93 (Fed. Cir. 2005) (Newman, J., *dissenting)* and authorities cited therein; *see ex parte Wood & Brundage*, 22 U.S. 603, 613-615 (1824) (under the Patent Act of 1793, a *scire facias* common law proceeding before a jury was the proper way to challenge the validity a patent).[2] This Court's *Markman*

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[2] The 18th century writ of *scire facias* sometimes was conducted in English chancery courts, which exercised both equitable jurisdiction *and* common law jurisdiction. When proceeding under a writ of *scire facias* to adjudicate the validity of patent, the chancery court was exercising its common law jurisdiction, and the issue of validity would be tried to a jury. 3 William Blackstone, *Commentaries on the Law of England* 47-48.

opinion cited an example of a writ of *scire facias* invalidating a patent solely because "there was no new invention described in the specification." *King v. Else*, 1 Carp. P.C. 103, Dav. Pat. Cas. 144 (K.B. 1785) (cited by *Markman*, 517 U.S. at 1391). The court in *Else* directed a *jury* verdict: "the jury must find for the crown." *Id.* Even when the issue of novelty was combined with an issue of fraud – which is precisely the situation in the present case – the issues were tried to a jury under 18th century English procedure. *See e.g., King v. Arkwright,* 1 Carp. P.C. 53 (K.B. 1785) (the issues submitted to the jury included "1. Whether the invention is new? 2. If it be new, whether it was invented by the defendant? And 3. Whether the invention is sufficiently described by his specification?"). Another example of an 18th century *scire facias* proceeding tried before a jury is *King v. Jacob* described in 1 J. Oldham, *The Mansfield Manuscripts and the Growth of English Law in the 18th century,* 767-68 (1992).

A declaratory judgment counterclaim to invalidate a patent presents a legal issue because the writ of *scire facias* proceeding is the best analog to Impax's declaratory judgment counterclaim for invalidity and because it was a common law proceeding that tried the issue of validity to a jury. Impax therefore is entitled to a jury on its counterclaim of invalidity.

B. THE FEDERAL CIRCUIT'S SEVENTH AMENDMENT JURISPRUDENCE IS INCONSISTENT AND FLAWED, WILL CONTINUE TO CONFUSE THE DISTRICT COURTS, AND HAS PUT THE FEDERAL CIRCUIT IN A POSITION OF CONFLICT WITH THE OTHER CIRCUITS.

The Federal Circuit opinions addressing the right to a jury trial with respect to an accused infringer's declaratory judgment counterclaim of invalidity have been inconsistent and analytically flawed, will continue to confuse the district courts, and has put the Federal Circuit in a position of conflict with the other circuits. The earliest opinion, *In re Lockwood,* 50 F.3d 966 (Fed. Cir. 1995), *cert. granted*, 515 U.S. 1121, *vacated*, 515 U.S. 1182,[3] held that a right to a jury exists on a declaratory judgment counterclaim of invalidity, but it did so under a flawed historical analysis in an opinion that has caused confusion in the district courts. The recent *Technology Licensing* opinion has added even more confusion because it superficially approved the reasoning of *Lockwood* but in reality cannot be reconciled with *Lockwood.* The Federal Circuit's attempt to harmonize its *Technology Licensing* opinion with *Lockwood* has resulted in a view directly contrary to the law of numerous other circuits.

1. *In re Lockwood*

The seminal *Lockwood* opinion held that the Seventh Amendment guarantees a right to a jury trial on a counterclaim of invalidity, but it reached that conclusion by

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[3] The issue became moot after the petition for certiorari was granted but before the Court decided the issue, because the patentee withdrew its jury demand.

misapplication of the historical test. The *Lockwood* court acknowledged the compelling similarity between the 18th century writ of *scire facias* and the modern declaratory judgment claim to invalidate a patent. *Lockwood*, 50 F.3d at 974 n.9. Nevertheless, the *Lockwood* court expressed two concerns that made it reluctant to identify the writ of *scire facias* as the best historical analog to a counterclaim seeking to invalidate a patent.

First, the *Lockwood* court noted that a *scire facias* action was filed in the name of the king rather than an aggrieved person. *Id.* at 975 n.9. The court's concern was unfounded because, although the action nominally was asserted in the name of the king, the action was intended to benefit a specific person or company. Eighteenth century procedure enabled an aggrieved subject to petition the king to initiate the proceeding, and, if so petitioned, the king was *required* to file a writ of *scire facias*. *Attorney General v. Rumford Chem. Works*, 32 F. 608, 618 (C.C.D.R.I. 1876) ("The action of *scire facias* not only was a remedy provided by law for the crown in behalf of the public, but also for any subject of the crown who could show that a void or illegal patent operated to his prejudice"); *see also* 3 William Blackstone, *Commentaries on the Law of England,* 260-61.

Second, the *Lockwood* court wrongly concluded that the writ of *scire facias* could invalidate a patent only for fraud and not for mere invalidity (*e.g.*, lack of novelty). *Lockwood,* 50 F.3d at 975 n.9. In fact, 18th century English patents included "revocation" clauses that entitled the king to revoke the patent if it became "generally inconvenient." D.S. Davies, *The Early History of the Patent Specification,* 50 L.Q.R. 86, 100-106 (1934). One of the most frequent reasons to invalidate a patent under this clause was lack of novelty. *Id.* at 104. If the suggestion of novelty made in the

application later proved to be false, even if no fraud was alleged, the patent could be repealed for such "false suggestion" through a writ of *scire facias*. *Id.* at 106; *see, e.g., Else*, 1 Carp. P.C. 103; *see Arkwright,* 1 Carp. P.C. 53; *see Mowry v. Whitney*, 81 U.S. 434, 439-440 (1871); *see also* E. W. Hulme, *Privy Council Law and Practice of Letters Patent For Invention From the Restoration to 1794,* 33 Law.Q.Rev 180 (1917);[4] *see also Lockwood,* 50 F.3d at 985 (a *scire facias* could issue for either fraud (inequitable conduct) or an unlawful grant (invalidity)) (Nies, J., *dissenting*); *see also Technology Licensing*, 423 F.3d at 1292-93 (Newman, J., *dissenting)* and authorities cited therein.

The *Lockwood* court was concerned overly about finding a perfect historical analog, contrary to the doctrine of this Court. *Tull*, 481 U.S. at 421 ("characterizing the relief sought is '[m]ore important' than finding a precisely analogous common-law cause of action in determining whether the Seventh Amendment guarantees a jury trial"; *quoting Curtis v. Loether,* 415 U.S. 189, 196 (1974)). Yet, the *Lockwood* court tacitly acknowledged that the writ of *scire facias* provides the only historical action against the patentee with the remedy of an affirmative judgment invalidating his patent. The identical nature of the remedy is far more significant than whether some difference existed in the basis for invalidating

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[4] Up until about 1750, the jurisdiction to repeal a patent rested solely with the Privy Counsel. In about 1750, the Privy Counsel divested its jurisdiction to repeal patents to the common law courts. *See* 1 J. Oldham, *The Mansfield Manuscripts and the Growth of English law in the Eighteenth Century*, 730-31 (1992); C. MacLeod, *Inventing the Industrial Revolution-The English Patent System,* 1660-1800, 59 (1988); E.W. Hulme, *Privy Council Law and Practice of Letters Patent For Invention From the Restoration to 1794,* 33 Law.Q.Rev. 180, at 189-91, 193-4 (1917).

a patent under *scire facias* – the identified difference did not in fact exist – or whether the king was nominally required to initiate such an action. *See Tull,* 481 U.S. at 421 (characterizing the remedy is the more important part of the analysis).

The purpose of the Seventh Amendment "is to preserve the substance of the common-law right of trial by jury, as distinguished from mere matters of form or procedure, and particularly to retain the common-law distinction between the province of the court and that of the jury...." *Baltimore & Carolina Line v. Redman,* 295 U.S. 654, 657 (1935). The 18th century writ of *scire facias* makes clear that a claim requesting an affirmative judgment of patent invalidity against the patentee firmly was within the province of the jury.

Nevertheless, the *Lockwood* court erroneously concluded that the best historical analog was the traditional 18th century patent suit in which the patentee sued the accused infringer and the accused infringer asserted invalidity as a defense. *Lockwood,* 50 F.3d at 974-75. The court observed that whether invalidity was tried to a jury in the 18th century depended upon whether the patentee sought damages. *Id.* at 976. The patentee, unable to obtain both damages and an injunction, would have to choose common law damages or an equitable injunction, which would determine whether the patentee's invalidity defense would be tried to a jury. *Id.* Because the patentee had the option of whether his claim was tried to a jury in an 18th century patent suit, the *Lockwood* court decided that it should not deny the patentee that same option today. *Id.*

Lockwood failed to realize that in an 18th century patent infringement suit, a finding that the patent was invalid provided an accused infringer a defense only for that

particular case. It did not prevent the patentee from suing in subsequent suits on the same patent. *See, e.g., Arkwright v. Nightingale,* Dav. Pat. Cas. 37 (C.P. 1785) (an example of a successful suit on a patent that had been adjudicated invalid in a prior trial four years earlier). The patentee could sue again on the patent, and the next defendant would be required to prove again that the patent was invalid. *Id.* The remedy provided by a writ of *scire facias* – to repeal the patent – was more similar to the modern counterclaim of invalidity because it prevented the patentee from ever suing again on the same patent.

Although *Lockwood* misapplied the historical test, it still reached the correct result, holding that "patent validity is not purely an equitable issue," and therefore, that a right to a jury trial exists on an accused infringer's counterclaim of invalidity. *Lockwood,* 50 F.3d at 980. *Lockwood* focused not on whether damages were actually asserted, but rather whether damages "could" have been asserted. *Id.* at 977. Whether damages were actually asserted, much less whether they were asserted and later dismissed, was not relevant: "the particulars of the [patentee's claim] can play no part in our determination whether he enjoys a Seventh Amendment right to a jury trial as to validity in [the accused] infringer's action for a declaratory judgment." *Id.* at 969.

The Federal Circuit refused to consider the issue *en banc*. *Id.* at 980. This Court recognized the importance of the issue and granted the defendant's petition for a writ of certiorari, *American Airlines, Inc. v. Lockwood*, 515 U.S. 1121 (1995), but the jury demand was withdrawn and the issue mooted before this Court issued a decision. *American Airlines, Inc. v. Lockwood*, 515 U.S. 1182 (1995).

2. *In re SGS-Thomson Microelectronics, Inc.*

In a subsequent opinion, the Federal Circuit again held that the Seventh Amendment guarantees a right to a jury trial on an accused infringer's counterclaim of invalidity. *In re SGS-Thomson Microelectronics, Inc.*, 1995 WL 258370 (Fed. Cir. April 25, 1995), *cert. denied, sub nom., Int'l Rectifier Corp. v. SGS-Thomson Microelectronics, Inc.*, 516 U.S. 931 (1995) (nonprecedential). The *SGS-Thomson* court construed *Lockwood* as entitling either party to a jury trial on a counterclaim seeking a declaratory judgment of invalidity, notwithstanding that the patentee was seeking only injunctive relief and had never asserted a claim for damages. *Id.* at *2. The court reiterated that whether the patentee actually seeks to recover damages is irrelevant. *Id.* The *SGS-Thomson* court noted that *Lockwood* had based its decision on "the legal nature of the declaratory judgment action, not the nature of the patentee's claim." *Id.*

The Federal Circuit again refused to consider the issue *en banc*. *In re SGS-Thomson Microelectronics, Inc.*, 1995 WL 258370 (Fed. Cir. 1995).

3. *In re Apotex*

In a later opinion, the Federal Circuit distinguished the situation in which damages could not be alleged because no actual infringement had occurred, as in a case filed under the Hatch-Waxman Act. *In re Apotex*, 49 Fed. Appx. 902, 903 (Fed. Cir. 2002) (nonprecedential) ("We agree with the district court that under the unusual circumstances of this case, involving only possible future infringement, and in which there can be no damages because no infringing products have been marketed, the only relief that is before the district court is equitable in nature."). The *Apotex* court was

apparently persuaded by *Lockwood's* distinguishing *Shubin v. United States Dist. Court*, 313 F.2d 250 (9th Cir. 1963), *cert. denied*, 373 U.S. 936 (1963), which held that the patentee did not have a right to a jury trial on the accused infringer's counterclaim seeking a declaratory judgment of invalidity. The *Lockwood* court noted that the patentee in *Shubin* sought only an injunction against threatened infringement, not actual infringement. *Lockwood* indicated that the proper focus was on the remedy that the "patentee *could* have brought" rather than whether a damages claim was actually filed. *Lockwood*, 50 F3d at 977 (emphasis supplied).[5]

4. Inconsistent application of the *Lockwood* opinion has caused district court confusion.

Although *Lockwood* reached the right result, the opinion confused the lower courts, resulting in inconsistent application. Some courts interpreted *Lockwood* and *SGS-Thompson* to hold that a right to a jury trial existed on a counterclaim seeking a declaratory judgment of invalidity, without regard to whether the patentee could or did file a claim for damages in the same action. *See, e.g., Sanofi-Synthelabo v. Apotex Inc.*, No. 02- Civ. 2255 RWS, 2002 WL 1917871 (S.D.N.Y. Aug. 20, 2002); *Warner-Lambert Co. v. Purepac Pharmaceutical Co.*, No. Civ. A. 98-2749 (JCL), 2001 WL 883232 (D.N.J. March 30, 2001); *Hoechst Marion Roussel, Inc. v. Par Pharmaceutical, Inc.*, Civ. No. 95-3673 (DRD), 1996 WL 468593 (D.N.J. March 14, 1996).

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[5] The supposed distinction relied upon in *Apotex* is not relevant in the present case because Astra has alleged *actual* infringement under 35 U.S.C. §271(a).

Other district courts distinguished the situation in which no damages could have been asserted by the patentee, such as was initially asserted in the present case,[6] when only "artificial" infringement is asserted under 35 U.S.C. § 271(e) based on the accused infringer's filing of an ANDA. *See, e.g. Pfizer Inc. v. Novopharm Ltd.*, No. 00 C 1475, 2001 WL 477163 (N.D. Ill. May 3, 2001); *Glaxo Group Ltd. v. Apotex, Inc.*, No. 00 C 5791, 2001 WL 1246628 (N.D. Ill. Oct. 16, 2001). As noted above, this was the apparent reasoning of the Federal Circuit's *Apotex* opinion.

5. *In re Technology Licensing's* interpretation of *Lockwood* puts the Federal Circuit in direct conflict with the law of other circuits and will cause further confusion in the district courts.

In the recent *Technology Licensing* opinion, the Federal Circuit issued a per curiam opinion that cannot be reconciled with *Lockwood*, *SGS-Thomson*, or *Apotex*. As noted, *Lockwood* and *SGS-Thomson* held that a declaratory judgment counterclaim seeking to invalidate a patent was legal in nature and therefore entitled the counterclaimant to a right to trial by jury under the Seventh Amendment. *Apotex* held that a counterclaim for invalidity was a legal claim if there was actual infringement giving rise to a claim for damages (whether or not the patentee sought to recover damages). The *Technology Licensing* court disagreed with the reasoning of all of these opinions, holding that whether a counterclaim to invalidate a patent gives rise to a right of jury trial depends entirely upon whether patentee is seeking to recover damages

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[6] Astra initially sued Impax only for artificial infringement under 35 U.S.C. § 271(e), but later added a claim for damages and injunctive relief under 35 U.S.C. § 271(a)-(c).

at the time of trial. *Technology Licensing*, 423 F.3d at 1290-91. The *Technology Licensing* court did not conduct its own historical analysis, but merely accepted at face value the *Lockwood* court's prior (and faulty) dicta that a writ of *scire facias* was not the appropriate historical analog. *Technology Licensing*, 423 F.3d at 1290 n.2.

Superficially approving *Lockwood*, *id.* at 1288 n.1 ("the court's analysis in *Lockwood* has been neither supplanted nor questioned and we find its reasoning pertinent"), the *Technology Licensing* court attempted to distinguish *Lockwood*. The *Technology Licensing* patentee had voluntarily withdrawn its damages claim, whereas the *Lockwood* patentee's damages claim was dismissed because of an adverse summary judgment ruling on infringement. *Technology Licensing*, 423 F.3d at 1289-90. The *Technology Licensing* court attempted to use this distinction to harmonize its opinion with *Lockwood* by suggesting that the voluntary withdrawal of patentee's damages claim was a waiver of the right to a jury on the accused infringer's counterclaim. *Id.*

Despite the *Technology Licensing* court's efforts to harmonize its opinion with *Lockwood*, the two opinions are in direct conflict. *Lockwood* held that whether the plaintiff had sought to recover damages was not relevant to whether a right to a jury trial exists in a declaratory judgment counterclaim of invalidity. Under *Lockwood*, the patentee should have been free to dismiss voluntarily its damages claim without risking loss of its right to a jury trial on the accused infringer's declaratory judgment counterclaim of invalidity.

Technology Licensing's interpretation of *Lockwood* puts the Federal Circuit jurisprudence in direct conflict with the law of other circuits. *Technology Licensing* holds that a patentee's damages claim provides entitlement to a jury trial

if the damages claim is dismissed because of an adverse summary judgment, but not if the patentee voluntarily dismisses the damages claim. Appellate courts in other circuits have uniformly held that a claim dismissed – whether by summary judgment or voluntarily – bears no relevance in determining whether the remaining claims are entitled to a jury trial. *See, e.g., In re Evangelist,* 760 F.2d 27, 32 (1st Cir. 1985) (claim for damages dismissed on summary judgment not relevant when determining party's asserted Seventh Amendment right to a trial by jury on remaining claims even though the claim might be reinstated); *Hildebrand v. Board of Trustees,* 607 F.2d 705, 710 (6th Cir. 1979) (accord); *Armco, Inc. v. Armco Burglar Alarm Co., Inc.,* 693 F.2d 1155, 1158 (5th Cir. 1982) (voluntarily dismissed claims cannot support a right to a jury trial).

Technology Licensing reflects the same discredited reasoning in an initial nonprecedential opinion that the *Lockwood* court withdrew and replaced with the reported, precedential opinion. *Compare In re Lockwood,* 30 U.S.P.Q.2d 1292, 1295 (Fed. Cir. March 10, 1994) (withdrawn) with *Lockwood,* 50 F.3d at 969. The *Lockwood* court's withdrawn opinion held that the patentee was entitled to a jury trial because he had initially claimed damages. *In re Lockwood,* 30 U.S.P.Q.2d at 1295 ("The claim for infringement damages and any asserted defenses still exist in the case even though the district court granted a partial summary judgment on the ground that there was no infringement"). But the *Lockwood* court realized the fundamental error of that reasoning and replaced the nonprecedential opinion with a precedential opinion: "the [patentee's dismissed] damages claim exists no more ... [and] the particulars of [the patentee's] dismissed claim can play no part in our determination whether he enjoys a Seventh Amendment right to a jury trial as to validity in [the accused

infringer's] action for a declaratory judgment." *Lockwood*, 50 F.3d at 969.

The conflicting *Technology Licensing* and *Lockwood* decisions places the Federal Circuit in conflict with other Circuits and will continue to confuse the district courts. Although the *Technology Licensing* opinion included a vigorous dissent, the Federal Circuit again refused to consider the issue *en banc*. *In re Technology Licensing Corp.*, 2005 U.S. App. LEXIS 26690 (Fed. Cir., Nov. 18, 2005).

6. The present case

In the present case, the Federal Circuit panel issued a one sentence statement, with no analysis, that the issue was governed by *Technology Licensing*. App. at 7a. The Panel did not refer to the *Lockwood, SGS-Thomson* or *Apotex* opinions. The Federal Circuit once again refused to consider the issue *en banc*. App. at 1a.

7. Summary

The Federal Circuit never has properly performed the historical analysis mandated by this Court. The two precedential opinions that have been issued by the Federal Circuit cannot be reconciled with each other or with the precedent of this Court, have put the Federal Circuit in conflict with other circuits, and will cause further confusion in the district courts. The Federal Circuit repeatedly has refused to consider the issue *en banc*. This Court previously granted certiorari on this issue but it was later mooted by the parties. Impax respectfully submits that this Court should consider this important issue now.

C. THE CASE PRESENTS AN ISSUE OF EXTRAORDINARY NATIONAL IMPORTANCE THAT THE LOWER COURTS WILL NOT FURTHER ANALYZE

This case concerns the overlap of two issues of extraordinary importance: the right to a jury trial and patent invalidity. The fundamental importance of the right to a jury trial cannot be overstated. It is a "sacred" right that must be "jealously guarded by the courts." *Jacob v. City of New York,* 315 U.S. 752, 752-753 (1942). "[A]ny seeming curtailment of the right to a jury trial should be scrutinized with the utmost care." *Dimick v. Schiedt,* 293 U.S. 474, 486 (1935). And this Court has repeatedly recognized the national importance of resolving questions of patent invalidity. *Cardinal Chemical Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 100 (1993) (citing *Blonder-Tongue Labs., Inc. v. University of Illinois Found.*, 402 U.S. 313, 336 (1971)).

The Federal Circuit's unconstitutional restriction on the right to a jury will greatly impact pharmaceutical cases filed under the Hatch-Waxman Act, such as the present case. The Hatch-Waxman Act is of immense importance to the well-being of the United States. By carefully balancing the rights among patentees, generic drug companies, and the public, the Act has enhanced the ability of generic pharmaceutical companies to get their competing drugs to the marketplace, and dramatically lowered the price of life-saving prescription drugs. Wendy H. Schacht & John R. Thomas, *The Hatch-Waxman Act: Legislative Changes In The 108th Congress Affecting Pharmaceutical Patents*, CRS Report RL 32377, at 1 (2004).

The Federal Circuit's Seventh Amendment jurisprudence unfairly favors patentees in all patent actions,

but especially in Hatch-Waxman litigation. Such actions do not include a claim for damages when they are filed but can be amended to assert a damages claim if the accused generic drug company receives FDA approval and begins marketing its generic product before resolution of the case. According to the Federal Circuit precedent, the patentee can amend its initial complaint with a damages claim, then dismiss the damages claim immediately before trial should a jury trial become strategically less desirable. After obtaining injunctive relief against the generic drug company, the patentee can file damages suits against the generic drug company's distributors (which is Astra's precise strategy in the present case). The Federal Circuit's simplistic Seventh Amendment "damages" reasoning holds as irrelevant that the generic drug company potentially is still being subjected to *damages* liability from the generic drug company's distributors' claims of indemnity. The Seventh Amendment should not be construed to permit such remarkable gamesmanship.

Unless corrected by this Court, the gamesmanship exhibited by Astra in the present case undoubtedly will be implemented by patentees not only in Hatch-Waxman cases, but in many other patent cases. The issue therefore will continue to arise with frequency. Because the Federal Circuit has near-exclusive jurisdiction over patent appeals from all districts, 28 U.S.C. § 1295(a)(1), this case presents "a matter of special importance to the entire Nation." *Cardinal Chemical*, 508 U.S. at 89.

The Federal Circuit's repeated refusal to address the issue *en banc* makes clear that it is not likely to analyze the issue further. Other circuits also are unlikely to consider the issue because the vast majority of patent cases will be appealed to the Federal Circuit. In the unlikely event that the issue is presented to some other circuit, that circuit is likely to defer

to the Federal Circuit's faulty *Technology Licensing* opinion. Awaiting further consideration of the issue in the lower courts therefore will not further crystallize the issue. This Court should resolve this issue now.

CONCLUSION

Impax respectfully submits that the Court should grant Impax's petition for a writ of certiorari.

DATED: June 2, 2006 Respectfully submitted,

Jeffrey J. Toney
Counsel of Record
John L. North
William F. Long
Sutherland Asbill & Brennan LLP
999 Peachtree Street
Atlanta, Georgia 30309
(404) 853-8000

Attorneys for Petitioner Impax Laboratories, Inc.

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MISCELLANEOUS DOCKET NO. 815

[Filed April 13, 2006]

IN RE	)
IMPAX LABORATORIES, INC.,	)
Petitioner.	)
	)

ORDER

A combined petition for panel rehearing* and for rehearing en banc having been filed by the Petitioner, and a response thereto having been invited by the court and filed by the Respondent, and the petition for rehearing and response, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

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* The petition for panel rehearing was denied in the order issued on March 16, 2006.

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

FOR THE COURT,
/s/
Jan Horbaly
Clerk

Dated: 04/13/2006

APPENDIX B

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MISCELLANEOUS DOCKET NO. 815

[Filed March 16, 2006]

IN RE	)
IMPAX LABORATORIES, INC.,	)
Petitioner.	)
	)

Before MICHEL, Chief Judge, LOURIE and GAJARSA, Circuit Judges.

ON PETITION FOR WRIT OF MANDAMUS

LOURIE, Circuit Judge.

ORDER

Impax Laboratories, Inc. petitions for rehearing of this court's order denying its petition for a writ of mandamus to direct the United States District Court for the Southern District of New York to vacate its order that struck Impax's jury trial demand, Impax also moves to stay trial court proceedings.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for rehearing and the motion to stay trial court proceedings are denied by the panel. The petition for rehearing en banc and the motion shall be circulated to the court.

FOR THE COURT

Date: Mar 16 2006 /s/_____

Alan D. Lourie
Circuit Judge

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MISCELLANEOUS DOCKET NO. 815

[Filed March 2, 2006]

IN RE)
IMPAX LABORATORIES, INC.,)
Petitioner.)
)

ON PETITION FOR WRIT OF MANDAMUS

Before MICHEL, Chief Judge, LOURIE and GAJARSA, Circuit Judges.

LOURIE, Circuit Judge.

ORDER

Impax Laboratories, Inc. petitions for a writ of mandamus to direct the United States District Court for the Southern District of New York to vacate its order that struck Impax's jury trial demand. AstraZeneca AB, Aktiebolaget Hassle, KBI-E, Inc., KBI Inc. and AstraZeneca, LP (AstraZeneca) oppose.

AstraZeneca sued Impax for infringement of its patents. Impax's counterclaims sought declaratory judgments of

noninfringement, invalidity, and unenforceability and alleged antitrust violations. Impax timely asserted a demand for a jury trial. By agreement of the parties, the patent issues were to be tried first.

After the pre-trial proceedings in the patent case were completed, AstraZeneca indicated that it would withdraw its request for damages. The district court ruled that Impax thus had no right to a jury trial for the patent issues. Impax moved for reconsideration, which the district court denied.

The remedy of mandamus is available only in extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power. In re Calmar, Inc., 854 F.2d 461, 464 (Fed. Cir. 1988). A party seeking a writ bears the burden of proving that it has no other means of attaining the relief desired, *Mallard v. United States Dist. Court for Southern Dist.*, 490 U.S. 296, 309, 109 S. Ct. 1814, 104 L. Ed. 2d 318 (1989), and that the right to issuance of the writ is "clear and indisputable," *Allied Chemical Corp. v. Daiflon, Inc.*, 449 U.S. 33, 35, 101 S. Ct. 188, 66 L. Ed. 2d 193 (1980).

Impax argues that it is entitled to a jury trial, notwithstanding the withdrawal of AstraZeneca's request for damages, based on our case law. Impax also argues that it is entitled to a jury trial because its antitrust counterclaims and patent counterclaims may share factual issues common to both.

The district court, relying on our decision in *In re Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005) (no right to jury trial on declaratory judgment counterclaims if the patentee is not seeking damages), held that Impax was not entitled to a jury trial on the patent issues because the only

requested relief was equitable in nature. Regarding the argument that there were issues common to both the antitrust and patent counterclaims, the district court stated that "Impax has failed to cite or allege a single question of fact common to both its severed antitrust counterclaims and the remainder of its claims." The district court further stated that in its opinion, there were no questions of fact common to both proceedings and that any claim construction issues that might arise in both the patent case and the antitrust counterclaims were not issues that would be decided by the jury.

We agree that our decision in *In re Technology Licensing Corp.* supports the district court's determination that Impax was not entitled to a jury trial on its counterclaims regarding the patents. Regarding issues that might be common to the antitrust counterclaims and the patent case, Impax for the first time in this mandamus petition asserts one issue that might be common to both cases. However, because Impax failed to timely raise that issue before the district court, we decline to consider it here. Thus, Impax had not met its burden of showing that its right to issuance of mandamus is clear and indisputable.

Accordingly,

IT IS ORDERED THAT:

The petition for a writ of mandamus is denied.

FOR THE COURT

Mar 2, 2006
Date

/s/
Alan D. Lourie
Circuit Judge

APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

00 Civ. 7597 (BSJ)
01 Civ. 2998 (BSJ)

M-21-81 (BSJ)
MDL Docket No. 1291

[Filed February 24, 2006]

ASTRAZENECA AB, et al.,	)
Plaintiffs,	)
	)
v.	)
	)
IMPAX LABORATORIES, INC.,	)
Defendant.	)
----------	)
In re	)
OMEPRAZOLE PATENT LITIGATION	)
	)

BARBARA S. JONES
UNITED STATES DISTRICT JUDGE

Order

Before the Court is a motion by Defendant Impax Laboratories, Inc. ("Impax") for reconsideration of the Court's Order of January 13, 2006 striking Impax's jury demand or, in the alternative, for certification for interlocutory appeal ("Pl. Reconsideration Mem."). In response to a request for guidance due to the timing of Impax's motion and the schedule for the trial of this case, the Court directed Plaintiffs Astrazeneca AB, Aktiebolaget Hassle, KBI-E, Inc., KBI Inc., and Astrazeneca, LP (collectively "Plaintiffs") not to respond to Impax's motion until further notice from the Court. (*See* February 17 Order).

After careful consideration of Impax's motion, and for the reasons stated below, the Court confirms the findings of its January 13 Order and denies Impax's request for certification of this issue for interlocutory appeal pursuant to 28 U.S.C. § 1292 (b).

BACKGROUND

Plaintiffs filed their initial complaint against Impax in the District of Delaware on May 15, 2000. The action was transferred to the Southern District of New York by the Multidistrict Litigation ("MDL") Panel on September 28, 2000 for pre-trial proceedings. On February 1, 2005, the Court granted Plaintiffs leave to file a Second Amended Complaint against Impax, in which Plaintiffs added allegations of direct, contributory, and inducing infringement under § 271(a)-(c) and demanded damages. (Second Amend. Compl., Mar. 1, 2005 at ¶¶ 19a-20, 31a-32). On February 14, 2005, Impax filed its Answer and Counterclaims to Plaintiffs' Second Amended Complaint, wherein Impax demanded a jury trial on Plaintiffs' infringement claims and

all of its counterclaims. (Impax's Answer & Counterclaims at ¶ 235). In their counterclaims, Impax sought declarations of noninfringement, invalidity, and unenforceability of the '505 and '230 patents and also alleged *Walker Process* fraud and sham litigation in violation of the Sherman Act 15 U.S.C. § 1 and 2 (the "antitrust counterclaims"). (*Id.* at ¶¶ 172-234).

At the same time, Plaintiffs' claims for damages and willful infringement were severed and stayed pending resolution of the patent liability issues. Plaintiffs and Impax also agreed to sever and stay the antitrust counterclaims in 2003, and in conformity with that agreement, the parties have not, to date, taken any discovery on any antitrust issues. (*See* Oct. 29, 2003 Letter from Ohly to Taylor; Nov. 6, 2003 Letter from Ohly to Taylor; and Mar. 2, 2004 Letter from Ohly to Carlin).

On January 18, 2005, Plaintiffs brought a patent infringement action against Impax's distributor, Teva Pharmaceuticals, seeking an injunction and damages, and Teva raised counterclaims under the Sherman Act and Declaratory Judgment Act. On June 28, 2005, following a request from Plaintiffs, the Court directed that the case against Teva be stayed pending the outcome of the Impax case. (June 28, 2005 Order; *see also* June 23, 2005 Letter to the Court from Errol Taylor)

At a hearing held on December 1, 2005, Plaintiffs suggested that the Court bifurcate the 35 U.S.C. § 271(a)-(c) claims of infringement from the solely equitable claims arising under § 271(e) in order to allow the Court to rule, as the trier of fact, on the "representativeness" of Impax's expired samples and to consolidate this case for a bench trial. Because the issue was raised at that hearing, the Court requested simultaneous briefing on the issue of whether Impax

is entitled to a jury trial. The parties' briefing was submitted to the Court in December 2005. In Plaintiffs' submissions, Plaintiffs stated that they were "prepared to dismiss with prejudice its request for damages against Impax if it will permit the Impax case to be tried without a jury at the same time as the in-district Second Wave cases (Lek, Mylan and Esteve)." (Pl. Dec. 2005 Mem. at 2).

Upon consideration of all submissions, including supplemental briefing filed by Impax, the Court denied Impax's demand for a jury trial by an Order dated January 13, 2006. Impax moved for reconsideration on February 14, 2006. By letter to the Court dated February 15, 2006, Plaintiffs "request[ed] that the Court rule without further briefing that Impax's untimely request for reconsideration or certification be denied," or alternatively, if the Court required a substantive response, "that the Court postpone the start of trial for two weeks." (*See* February 15, 2006 Letter to the Court from Errol B. Taylor, at 2). Impax responded to Plaintiffs' letter the following day, stating that Impax does not oppose delaying the trial and requesting expedited consideration of its motion. (*See* February 15, 2006 Letter to the Court from William F. Long and February 15, 2006 Letter to the Court from Michael A. Siem). By Order dated February 17, 2006, Plaintiffs were directed that they need not respond to Impax's motion until further notice from the Court.

DISCUSSION

I. Standard For Reconsideration Under Local Rule 6.3 Or Federal Rule Of Civil Procedure 54(b)

Local Rule 6.3 provides that:

> [a] notice of motion for reconsideration or re-argument of a court order determining a motion shall be served within ten (10) days after the entry of the court's determination of the original motion, or, in the case of a court order resulting in a judgment, within ten (10) days after the entry of the judgment. There shall be served with the notice of motion a memorandum setting forth concisely the matters or controlling decisions which counsel believes the court has overlooked.

Accordingly, any motion for reconsideration pursuant to Local Rule 6.3 was due on January 27, 2006, ten business days after the January 13, 2006 Order. At the latest, if the time for reconsideration is measured from the Court's entry of the Dismissal With Prejudice of Plaintiffs' Damages Claims, the deadline under Local Rule 6.3 was January 31, 2006. Under Local Rule 6.3, Impax's motion is long overdue. Nevertheless, Impax correctly points out that "a district court always has discretion to reconsider one of its prior orders to correct clear error or to prevent manifest injustice." (February 15, 2006 Letter to the Court form William F. Long, citing FED. R. CIV. P. 54(b); *In re Crysten/Montenay Energy Co.*, 226 F.3d 160, 165 n.5 (2d Cir. 2000); *Official Comm. of the Unsecured Creditors of Color Tile, Inc. v. Coopers & Lybrand*, 322 F.3d 147, 167 (2d Cir. 2003)). Federal Rule of Civil Procedure 54 (b) states:

> When more than one claim for relief is presented in an action, whether as a claim, counterclaim, cross-claim, or third-party claim, or when multiple parties are involved, the court may direct the entry of a final judgment as to one or more but fewer than all of the claims or parties only upon an express determination that there is no just reason for delay and upon an express direction for the entry of judgment. In the absence of such determination and direction, any order or other form of decision, however designated, which adjudicates fewer than all the claims or the rights and liabilities of fewer than all the parties shall not terminate the action as to any of the claims or parties, and the order or other form of decision is subject to revision at any time before the entry of judgment adjudicating all the claims and the rights and liabilities of all the parties.

The Court recognizes that the "[m]aintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care." *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935); *see also Jacob v. City of New York*, 315 U.S. 752, 752-53 (1942) ("The right of jury trial in civil cases at common law is a basic and fundamental feature of our system of federal jurisprudence which is protected by the Seventh Amendment."). Therefore, the Court - in its discretion - has considered Impax's motion pursuant to FED. R. CIV. P. 54(b).

II. Standard For The Seventh Amendment Right To A Jury Trial

The Seventh Amendment preserves the right to a jury trial "in suits at common law" and guarantees that "no fact tried

by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of common law." U.S. CONST. AMEND. VII. As the Court stated in its January 13, 2006 Order, a party's right to a jury is safeguarded only so far as that right would have existed in 1791, i.e., in courts of law and not in courts of equity. *Dimick v. Schiedt*, 293 U.S. 474, 476 (1935); *Tegal Corp. v. Tokyo Electron Am.*, Inc., 257 F.3d 1331, 1339 (Fed. Cir. 2001). With the merger of courts of law and equity, courts now consider both the nature of the action involved and the remedy sought to determine whether a case is "more similar to cases that were tried in courts of law than the suits tried in courts of equity or admiralty." *Tull v. U.S.*, 481 U.S. 412, 417-18 (1987); *Chauffeurs, Teamsters & Helpers, Local No. 391 v. Terry*, 494 U.S. 558, 565 (1990). "The Supreme Court has repeatedly taught that courts must examine both the nature of the action involved and the remedy sought, and that the nature of the remedy is more important than that of the action." *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339 (Fed. Cir. 2001) (citing *Terry*, 494 U.S. at 565; *Tull*, 481 U.S. at 417, 421) .

Generally, the right to a jury trial on patent liability issues depends on the plaintiff's decision to seek damages. *See, e.g., Bioavail Laboratories, Inc. v. Torpharm, Inc.*, 01 Civ. 9008, 2002 WL 1732372 (N.D. Ill. July 25, 2002) (right to a jury trial arises when damages may be awarded under § 271(e)(4)(C)); *Kos Pharmaceuticals, Inc. v. Barr Laboratories, Inc.*, 218 F.R.D. 387, 390 (S.D.N.Y. 2003).

Nevertheless, because the right to a jury trial is determined for each issue, as opposed to the action as a whole, a court must examine each claim to ascertain whether equitable or legal relief is sought. *Ross v. Bernhard*, 396 U.S. 531, 537-38 (1970).

III. Impax's Asserted Right To A Jury Trial Based On The 18th Century Writ Of Scire Facias

Impax first claims that "[t]he 18th century writ of scire facias provides a precise analog to a declaratory judgment action brought by a person accused of infringement" and, "[b]ecause the issue of validity in a writ of scire facias was tried in a court of law before a jury, the historical test demonstrates that Impax is entitled to a jury trial on its invalidity counterclaim under the Seventh Amendment." (Impax Reconsideration Mem. at 8).

Impax's argument attempts to obscure clear precedent that was cited in this Court's January 13 Order. The Federal Circuit has held that declaratory judgment actions for invalidity or non-infringement do not warrant a Seventh Amendment right to a jury trial unless "the infringement claim, as asserted by the patentee, would give rise to a jury trial." *In re Technology Licensing Corp.*, 423 F.3d 1286, 1290 (Fed. Cir. Sept. 12, 2005). Because declaratory judgment actions themselves are said to be "neither legal nor equitable," *Gulfstream Aerospace Corp. v. Mayacama Corp.*, 485 U.S. 271, 284 (1988), "declaratory judgment actions are, for Seventh Amendment purposes, only as legal or equitable in nature as the controversies on which they are founded." *In re Lockwood*, 50 F.3d 966, 973 (Fed. Cir. 1995); *see also Beacon Theatres, Inc. v. Westover*, 359 U.S. 500 (1959); *Petition of Rosenman & Colin*, 850 F.2d 57, 60 (2d Cir. 1988); *(American) Lumbermens Mutual Casualty Co. v. Timms & Howard, Inc.*, 108 F.2d 497, 499 (2d Cir. 1939); *Owens-Illinois, Inc. v. Lake Shore Land Co., Inc.*, 610 F.2d 1185, 1189 (3d Cir. 1979); 5 Moore's Federal Practice ¶ 38.29 at 38-230 (2d ed. 1987).

Furthermore, Impax's attempt to argue that it is entitled to a jury trial on its invalidity counterclaim is based upon its blatantly incorrect assertion that "[a]lthough the writ could be based upon a claim that the patent was obtained fraudulently, it is clear that the writ could also be based upon, or combined with, a claim that the patent was invalid for lack of novelty, independent of any claim of fraud." (Pl. Reconsideration Mem. at 7). In fact, in a footnote to its argument, Impax itself cites to opinions of the Federal Circuit that clearly state just the opposite - i.e., that the scire facias proceeding was not analogous to a counterclaim of invalidity. (*See* Impax Reconsideration Mem. at 8 n.5). The Federal Circuit stated in *In re Lockwood*, 50 F.3d at 975 n.9, that:

> [a] scire facias issued at common law to repeal patents which have been obtained surreptitiously, or upon false suggestion. The contemporary analog of the writ is thus an action for a declaration of unenforceability due to inequitable conduct, not due to invalidity.

(citations and internal quotations omitted).[1] Just last year, in *In re Technology Licensing Corp.*, 423 F.3d at 1290 n.2, the Federal Circuit reiterated its opinion that the writ of scire facias was not analogous to a counterclaim to invalidate a patent, citing "*Lockwood*'s clear ruling that the writ of scire

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[1] The Supreme Court accepted certiorari in *Lockwood* but vacated the Federal Circuit's opinion without comment when the Petitioner withdrew its jury demand, thereby mooting the issue in that case. Nevertheless, subsequent Federal Circuit and district courts have cited *Lockwood*, many of which this Court relied upon in its January 13 Order. *See, e.g., In re Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005); *Tegal Corp. v. Tokyo Electron America Inc.*, 257 F.3d 1331, 1340-41 (Fed. Cir. 2001).

facias (an action by the sovereign to cancel a patent obtained by fraud) is not analogous to the modern-day action to invalidate a patent."

Impax's attempt to have this Court rely on the dissents to *Lockwood* and *Technology Licensing* are hardly worth addressing in a motion for reconsideration, which generally requires that the movant point to "controlling decisions or factual matters that were put before [the Court] on the underlying motion and which, had they been considered, might have reasonably altered the result before the court." *Cielo Creations, Inc. v. Gao Da Trading Co.*, 04 Civ. 1952 (BSJ), 2004 WL 1857556, *1 (S.D.N.Y. August 18, 2004) (emphasis added and citations omitted); *see also American Civil Liberties Union v. Dept. of Defense*, 396 F. Supp. 2d 459, 460 (S.D.N.Y. 2005) (reconsideration appropriate when controlling authority had been overlooked by the court and should be granted to correct for clear error or to prevent manifest injustice). As such, this Court simply directs Impax to the words of the *Technology Licensing* Court, where it stated that:

> [a]ll of the nineteenth century cases cited by the dissent were infringement actions for damages in which the defense of patent invalidity was raised. Because they were actions at least in part for damages, the parties were entitled to a jury trial on the issue of patent invalidity, just as they would be today. Those cases do not address, and certainly do not decide, the very different issue presented in this case, in which only equitable relief is sought.

Tech. Licensing, 423 F.3d at 1290 n.2.

Accordingly, this Court finds that the writ of scire facias does not, by historical analogy, entitle Impax to a jury trial under the Seventh Amendment on its counterclaim for a declaratory judgment of invalidity. The Court confirms its January 13 Order, which found that because Astra's request for damages has been dismissed with prejudice, only equitable relief now is sought, and Impax is not entitled to a jury trial based on its non-infringement and invalidity declaratory judgment counterclaims.[2]

IV. Impax's Asserted Right To A Jury Trial Under *In re Lockwood*

Impax also asserts that "*Lockwood* clearly shows that Impax is entitled to a jury trial, notwithstanding that Astra dismissed its damages claims with prejudice." (Impax Reconsideration Mem. at 9). Later cases from the Federal Circuit explicitly state that "*Lockwood* does not stand for the proposition that a counterclaim for invalidity always gives rise

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[2] Impax's counterclaim for a declaration of unenforceability is based in an allegation that Plaintiffs engaged in "inequitable conduct." (*See* Impax' Answer & Counterclaims at ¶ 192). The Federal Circuit has also clearly held that actions based on inequitable conduct are equitable and do not provide the grounds for a Seventh Amendment right to a jury trial. *Paragon Podiatry Lab., Inc. v. KLM Labs, Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993) (holding that a party "has no right to a jury trial respecting the factual element of culpable intent as part of the defense of inequitable conduct"); *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987) (agreeing with district court that "the defense of inequitable conduct is equitable in nature and thus does not give rise to the right of trial by jury"). Therefore, Impax's counterclaim of patent unenforceability also does not give rise to a right to a jury trial.

to a right to a jury trial (for either party)." *Tech. Licensing*, 423 F.3d at 1290. Rather,

> [a]fter analyzing the nature of a declaratory judgment action for patent invalidity and the pertinent historical background, the court in *Lockwood* noted that an action for invalidity could not be brought at common law, and it held that a patent infringement action with a counterclaim of invalidity 'resembles nothing so much as a suit for patent infringement in which the affirmative defense of invalidity has been pled.' The court noted that in such common law actions, the patentee could elect whether to proceed at law or in equity, based on the remedy sought, and the right to a jury would depend on the patentee's choice: 'If the patentee sought only damages, the patentee brought an action at law; in such a case, the defense of invalidity was tried to the jury, assuming that a jury had been demanded. . . . However, if the patentee facing past acts of infringement nevertheless sought only to enjoin future acts of infringement, the patentee could only bring a suit in equity, and the defense of invalidity ordinarily would be tried to the bench.'

Technology Licensing, 423 F.3d at 1289 (quoting *Lockwood*, 50 F.3d at 974, 976) (emphasis in original).

The *Technology Licensing* Court stated that:

> the more accurate reading of Lockwood is that (1) it preserves to the patentee the right to elect a jury by seeking damages in an infringement action or counterclaim, and (2) the accused infringer or declaratory judgment counterclaimant is entitled to a jury trial only if the infringement claim, as asserted by

> the patentee, would give rise to a jury trial. Thus, if the patentee seeks only equitable relief, the accused infringer has no right to a jury trial, regardless of whether the accused infringer asserts invalidity as a defense (as in the Tegal case) or as a separate claim (as in this case).

Tech. Licensing, 423 F.3d at 1290 (citing *Tegal Corp. v. Tokyo Electron America, Inc.*, 257 F.3d 1331, 1341 (Fed. Cir. 2001)) ("A defendant, asserting only affirmative defenses and no counterclaims, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction.")).

Furthermore, in distinguishing the procedural posture of *Lockwood*, the Federal Circuit further clarified the reasoning underlying *Lockwood*:

> In *Lockwood*, the patentee had not elected to limit himself to an equitable remedy. Although the issue of infringement had been removed from the case by summary judgment, the *Lockwood* court nonetheless considered whether the patentee had forfeited his right to a jury trial by taking any steps that would have required him, historically, to file his case in equity. The *Lockwood* court looked at the declaratory judgment counterclaim as an inverted action for infringement in which the patentee had not surrendered his right to a jury. Therefore, the patentee retained his right to a jury trial on the counterclaim. In this case, by contrast, the patentee has voluntarily abandoned its claim for damages and is proceeding only on a request for equitable relief. Thus, the declaratory judgment action in this case is an inverted form of an infringement action in which the patentee

> has sought only an injunction. In the historically analogous setting of a patent infringement suit with an invalidity defense, the case would therefore have been tried in an equity court, where neither party would be entitled to a jury.

Tech. Licensing, 423 F.3d at 1289.

In sum, *Lockwood* "is not as broad" as Impax's characterization suggests. *Tech. Licensing*, 423 F.3d at 1289. Despite Impax's arguments to the contrary, the procedural posture of this case clearly more closely resembles that of *Technology Licensing*, where "the patentee has voluntarily abandoned its claim for damages and is proceeding only on a request for equitable relief." *Id.* Accordingly, the Court confirms its January 13 Order, finding that Impax is not entitled to a jury trial on its affirmative defenses or declaratory judgment counterclaims. (January 13 Order at 6-7).

V. Impax's Asserted Right To A Jury Trial Based On Counterclaims That Were Asserted In Response To Plaintiffs' Damages Claims

Impax argues that its counterclaims were asserted in response to Plaintiffs' claims for actual damages and, therefore, "Impax is entitled to a jury trial notwithstanding that Astra dismissed its damages claims." (Pl. Reconsideration Mem. at 16).

Here, as in *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 307 (9th Cir. 1979), Impax "has not cited any authority for the proposition that, having once asserted a claim for damages, a party may not withdraw such a claim, or that upon such withdrawal a jury trial remains

appropriate although only equitable issues remain in the case." Likewise, Impax's "allegation that pre-trial maneuvering by [Plaintiffs] in an effort to deprive it of a jury trial somehow vitiates the equitable nature of the case is not persuasive." *Anti-Monopoly*, 611 F.2d at 307. *See also Tech. Licensing*, 423 F.3d at 1291 (holding "that the patentee's decision to seek only equitable relief resulted in the entire case . . . being triable to the court without a jury."

In addition, "the Supreme Court has repeatedly taught that courts must examine both the nature of the action involved and the remedy sought, and that the nature of the remedy is more important than that of the action." *Tegal*, 257 F.3d at 1339 (citing *Terry*, 494 U.S. at 565; *Tull*, 481 U.S. at 417, 421) (emphasis added). Here, the nature of the remedy sought in Impax's counterclaims for declaratory judgment of invalidity and non-infringement is exclusively equitable, not legal.

Accordingly, the Court's January 13 Order is confirmed.

VI. Impax's Asserted Right To A Jury Trial Because Plaintiffs' Damages Claim Against Teva Is Still Pending

Impax also asserts that it "is entitled to a jury trial on it [sic] counterclaims because Astra's damages claim against Teva is still pending." (Pl. Reconsideration Mem. at 17). Impax claims that because its declaratory judgment counterclaims under § 271(a) "arose out of damages claims against Impax's distributor, [Teva,] which in turn gives right to an indemnity claim by Teva against Impax, Impax's counterclaims raise legal issues" - thereby entitling Impax to a jury trial. (Pl. Reconsideration Mem. at 17).

Impax cites no controlling authority for this proposition. Impax refers to only one district court case, *Nippo Electric Glass Co. Ltd. v. Sheldon*, 489 F. Supp. 119, 122 (S.D.N.Y. 1980), which held that when a patentee accused a manufacturer's customers of direct infringement due to their use of the manufacturer's product, the manufacturer had reason to fear that it could be sued as contributory infringer and therefore met the "actual controversy" requirement within the meaning of the Declaratory Judgment Act, 28 U.S.C. § 2201. In addition to the fact that the holding in *Nippo* speaks to standing and not the right to a jury trial, the *Nippo* court relied extensively on the fact that the manufacturer in that case had "entered into an agreement with [the distributors] to indemnify them for any liability for infringement of the subject patents." *Nippo*, 489 F.Supp. at 121. Impax does not claim that such an indemnification agreement exists between Impax and Teva, and alludes only to its fear of "a potential indemnity claim from Teva." (Pl. Reconsideration Mem. at 15) (emphasis added).

This Court finds that Impax has failed to provide sufficient support for its broad and novel theory that a plaintiff's damages claims against a customer/distributor entitle the manufacturer to a jury trial in its own, distinct case. Thus, Impax's arguments have not persuaded the Court that a revision of its January 13 Order is necessary.

VII. Impax's Asserted Right To A Jury Trial Based On Its Antitrust Counterclaims

Impax asserts that denying Impax a jury trial conflicts with the Supreme Court's holding in *Beacon Theatres v. Westover*, 359 U.S. 500 (1959) and the Federal Circuit's holding in *Cabinet Vision v. Cabinetware*, 129 F.3d 595 (Fed. Cir. 1997). This Court disagrees. *Beacon Theatres* and

Cabinet Vision are easily distinguished on their facts and procedural posture, and more recent case law shows that those distinguishing facts are outcome determinative. *See, e.g., Anti-Monopoly*, 611 F.2d at 307-308.

First, in *Beacon Theatres* a competitor theater had brought an action against petitioner alleging duress and coercion for making threats of litigation and treble damage suits. 359 U.S. at 502. The competitor plaintiff sought (1) a declaratory judgment to settle some of the key issues that such an antitrust suit would raise and (2) an injunction of any antitrust suit by petitioner pending the outcome of the declaratory judgment litigation. *Id.* In response, the petitioner filed an answer which denied the threats and asserted antitrust counterclaims with treble damages, as well as a cross-claim against an exhibitor who had intervened. The petitioner also demanded a jury trial. *Id.*

The district court viewed the issues raised by the Complaint for Declaratory Relief as essentially equitable. *Beacon Theatres*, 359 U.S. at 503. Acting under Rules 42(b) and 57 of the Federal Rules of Civil Procedure, the court determined that it would decide issues common to both proceedings before trying petitioner's counterclaim before a jury. *Id.* A common issue of the Complaint for Declaratory Relief, the counterclaim, and the cross-claim was the existence of competition between the two theatres. *Beacon Theatres*, 359 U.S. at 503-504. The Court of Appeals for the Ninth Circuit found that the district court had acted within the proper scope of its discretion and denied petitioner's application for a writ of mandamus requiring the district court to set aside its ruling. *Beacon Theatres*, 359 U.S. at 501. The Supreme Court reversed, reasoning that the district court's order "would compel [the petitioner] to split his antitrust case,

trying part to a judge and part to a jury."[3] *Beacon Theatres*, 359 U.S. at 508.

That problem does not exist here. The initial complaint and procedural posture of this case are quite different. Here, Plaintiffs' initial complaint was based on patent infringement not an anticipated antitrust action, which also became the counterclaims. More significantly, the parties themselves agreed to sever and stay Impax's antitrust counterclaims - the Court did not attempt to "try[] part to a judge and part to a jury." *Id.*

This Court maintains that the procedural history, reasoning, and holding of *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 307 (9th Cir. 1979), a case decided more recently than *Beacon Theatres*, best inform the jury trial issue in the present action. In *Anti-Monopoly*, the plaintiff's original complaint contained two counts for

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[3] The Supreme Court also stated that:

> [t]he District Court's finding that the Complaint for Declaratory Relief presented basically equitable issues draws no support from the Declaratory Judgment Act. . . . That statute, while allowing prospective defendants to sue to establish their nonliability, specifically preserves the right to jury trial for both parties. It follows that if [the petitioner] would have been entitled to a jury trial in a treble damage suit against [the competitor theater], it cannot be deprived of that right merely because [the competitor theater] took advantage of the availability of declaratory relief to sue [the petitioner] first. Since the right to trial by jury applies to treble damage suits under the antitrust laws the Sherman and Clayton Act issues on which [the competitor theater] sought a declaration were essentially jury questions.

Beacon Theatres, 359 U.S. at 504.

damages and a count seeking equitable relief, and the defendant counterclaimed for an accounting and damages. *Anti-Monopoly*, 611 F.2d at 307. The defendant later withdrew this counterclaim, and moved for severance of the plaintiff's two legal claims. *Id.* After the legal claims were severed, the district judge who ultimately heard the case determined that a jury trial would be inappropriate since only equitable claims remained to be tried. *Id.* The Ninth Circuit upheld the order denying a jury trial, because "[no] legal issues remained to be tried in the district court in the matter now before us." *Anti-Monopoly*, 611 F.2d at 308.

As in *Anti-Monopoly*, Impax "cannot complain about the severance of its legal claims, for it acquiesced in that action." *Anti-Monopoly*, 611 F.2d at 307. Long before the court issued its order severing and staying Impax's antitrust counterclaims pursuant to FED. R. CIV. P. 42(b), the parties had made such an agreement among themselves and had not engaged in any discovery on the antitrust issues. (*See* Oct. 29, 2003 Letter from Ohly to Taylor; Nov. 6, 2003 Letter from Ohly to Taylor; and Mar. 2, 2004 Letter from Ohly to Carlin).

With respect to the second case that Impax relies upon, *Cabinet Vision*, the holding of the Federal Circuit is not as broad as Impax represents. In *Cabinet Vision*, the appellee had asserted the affirmative defense of inequitable conduct and a *Walker Process* antitrust counterclaim in response to the appellants' claim of patent infringement. *Cabinet Vision*, 129 F.3d at 597. The Federal Circuit vacated the judgment of the district court and remanded the matter for further action consistent with its opinion that the district court erred in holding that the jury's factual findings on inequitable conduct were advisory. The court stated that:

By conceptually separating the fact finding common to

> both causes of action, the district court misled itself into believing that the jury's fact findings could be merely advisory as to the inequitable conduct, and that the counterclaim could be dismissed because the verdict was not binding on the counterclaim and the jury did not address the antitrust issue. But given the design of these jury instructions, the jury did not fail to address questions 8 through 13 related to the Walker Process counterclaim. It resolved the factual dispute by way of its answer to question 7, [which resolved in the negative at least one of the questions of fact necessary to both the Walker Process counterclaim and the defense of inequitable conduct]. These errors cannot be excused, even if [the appellee] failed to 'advise the court on how to separate and manage those issues that were for the court and those that were for the jury.' Interpretation of the law is the responsibility of the court.

Cabinet Vision, 129 F.3d at 600-601.

Impax argues that "'conceptual separating' is precisely the result of the January 13 Order" and asserts that "[t]he court is not entitled conceptually to separate the factual issues common to both the antitrust counterclaim and Impax's other defenses." (Pl. Reconsideration Mem. at 19). Yet, Impax has failed to cite or allege a single question of fact common to both its severed antitrust counterclaims and the remainder of its case scheduled for trial. To the contrary, Impax's argument is entirely speculative. (*See* Pl. Reconsideration Mem. at 19 (stating that "[t]o the extent that factual issues remain in the case that overlap with the antitrust counterclaims, Impax remains entitled to a jury trial.")).

In the Court's opinion, the only potential "material issue

of fact common to both the equitable claim[s] and the [antitrust] counterclaim[s]" are issues regarding claim construction. *Beacon Theatres*, 359 U.S. at 514 n.4 (Stewart, J., dissenting). It is well-established that the interpretation of patent claims through claim construction is a determination made as a matter of law - by the court. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995); *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 791 (Fed. Cir. 1995); *see also Astra Aktiebolag v. Andrx Pharmaceuticals, Inc.*, 222 F. Supp. 2d 423 (S.D.N.Y. 2002) (the "First Wave Litigation"). Because Impax's counterclaims depend on issues of claim construction that have been or will be decided by the court under *Markman*, 52 F.3d at 976, it is this Court's conclusion that no questions of fact common to both its severed antitrust counterclaims and the remainder of its case that would be decided by a jury remain.

More specifically, the first antitrust counterclaim asserted by Impax is based on an allegation of Walker Process fraud. (*See* Impax's Answer and Counterclaims to Plaintiffs' Amended Complaint, ¶¶ 202-220). Under *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965), the enforcement of a patent procured by fraud on the Patent and Trademark Office ("PTO") may violate the Sherman Act provision concerning monopolization, provided that the other elements necessary for a violation are present. Common law or *Walker Process* fraud:

> is generally held not to exist unless the following indispensable elements are found to be present: (1) a representation of a material fact, (2) the falsity of that representation, (3) the intent to deceive or, at least, a state of mind so reckless as to the consequences that it is held to be the equivalent of intent (scienter), (4)

> a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon, and (5) injury to the party deceived as a result of his reliance on the misrepresentation.

In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 807 (Fed. Cir. 2000) (citing *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1069-70 (Fed. Cir. 1998)).

Impax's *Walker Process* counterclaim fundamentally depends on issues of claim construction to show that Plaintiffs engaged in a misrepresentation of a material fact - the first element required in a claim of *Walker Process* fraud. With respect to the '505 patent, Impax alleges that:

> [t]he claims of the '505 patent require that each core of the claimed formulation contain an 'effective amount' of omeprazole, a requirement not met by Plaintiffs' PRILOSEC® product.

(Impax's Answer and Counterclaims, ¶ 211) (emphasis added).

However, this Court has already ruled that it "intend[s] to adhere . . . to [its] prior claim construction in the first wave as to 'effective amount,' as to 'alkaline reacting compound,' as to 'inert subcoating,' as to 'disposed on,' as to 'acid labile compound,' as to 'except omeprazole,' and as to 'alkaline core.'" (Transcript of November 22, 2005 Conference before Judge Jones at 5, lines 9-15, referencing *Astra v. Andrx*, 222 F. Supp. 2d at 447-85 (S.D.N.Y. 2002) (construing the above claim terms); *see also* January 12, 2006 Order (denying the Second Wave Defendants' summary judgment motions based, in part, on adherence to prior claim construction)). In the First Wave Litigation, the Court specifically construed the

claim term "effective amount" in a manner such that Plaintiffs' PRILOSEC® product meets the patent's requirement. *Astra v. Andrx*, 222 F. Supp. 2d at 462-64. The Court reiterated that construction in its January 12 Order resolving the Second Wave Defendants' summary judgment motions, stating that:

> [a]s the Court held in the First Wave Litigation, '"effective amount" . . . requires an amount of each substance such that the combination of omeprazole plus the ARC meets the stated goal of stabilizing the omeprazole.'

(January 12, 2006 Order at 9, citing *Astra v. Andrx*, 222 F. Supp. 2d at 463).[4] Moreover, Impax makes no argument that term "effective amount," as already construed by this Court, would not include Plaintiffs' PRILOSEC® product.

With regard to the '230 patent, Impax alleges that:

> [t]he '230 patent expressly excludes omeprazole from the patent: 'The object of the present invention is thus an enteric coated dosage form of acid labile compounds with the general formula I defined above except the compound omeprazole . . . .' ('230 patent,

---

[4] Furthermore, the Court found that:

> the addition of the term 'effective amount' 'did nothing more than make express what had been implicit in the claim as originally worded,' . . . which the Federal Circuit declared does not constitute an amendment 'made for "a substantial reason related to patentability" and thus does not create prosecution history estoppel.'

(*Id.* at 12, citing *Interactive Pictures v. Infinite Pictures*, 274 F.3d 1371, 1377 (Fed. Cir. 2001)).

> Col. 7, lines 51-54). As a result, Plaintiffs' PRILOSEC® product is expressly excluded from the '230 patent.

(Impax's Answer and Counterclaims, ¶211). To the contrary, this Court already has held, as a matter of claim construction, that the '230 patent does not exclude omeprazole. *Astra v. Andrx*, 222 F. Supp. 2d at 483-85. As the Court stated in its January 12 Order:

> The Court previously held that the term 'acid labile pharmaceutically active substance' (or 'acid labile compound') includes substances that 'are transformed into biologically active compounds by a rapid degeneration or transformation in acid media' - including omeprazole. The Court found that the statement 'except omeprazole' 'is discussing compounds of the general formula I, clearly relates to claim 2 and does not limit the scope of claim 1.' . . . . The Court has not been persuaded of a need to deviate from its previous finding that an 'acid labile pharmaceutically active substance' or 'acid labile compound' includes omeprazole.

(January 12, 2006 Order at 16-17, citing *Astra v. Andrx*, 222 F. Supp. 2d at 483-85) (emphasis added).

Thus, because (1) Impax's *Walker Process* counterclaim depends on claim construction to show that Plaintiffs misrepresented a material fact to the PTO (the first required element), and (2) the Court has already construed those terms in a manner that does not support Impax's claims of misrepresentation and will construe any additional disputed claim terms, as it must under *Markman*, 52 F.3d at 976, there are simply no questions of fact common to Impax's *Walker*

Process counterclaim and the rest of the case that would be decided by a jury.

Impax's second antitrust counterclaim is based on an allegation of "Sham Litigation." In *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49, 60-61 (1993), the Supreme Court outlined the following two-part definition of "sham" litigation: First, the lawsuit must be objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits. If an objective litigant could conclude that the suit is reasonably calculated to elicit a favorable outcome, an antitrust claim premised on the sham exception must fail. Only if challenged litigation is objectively baseless may a court examine the litigant's subjective motivation. Under this second part of the test, a court focuses on whether the baseless lawsuit conceals "an attempt to interfere directly with the business relationships of a competitor," *E. R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 144 (1961), through the "use [of] the governmental process - as opposed to the outcome of that process - as an anticompetitive weapon," *City of Columbia v. Omni Outdoor Advertising, Inc.*, 499 U.S. 365, 380 (1991) (emphasis in original). *See also Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1305 (Fed. Cir. 2004).

Impax's Sham Litigation counterclaim also depends on issues of claim construction, which must be decided by the court, to show that Plaintiffs' lawsuit is "objectively baseless." Specifically, Impax alleges that:

> although plaintiffs knew that the '505 and '230 patents were unenforceable and otherwise invalid, that they [sic] '505 and '230 patents were improperly listed in the Orange Book and that Plaintiffs were estopped

> from asserting the '505 and '230 patents against a formulation having a subcoating in situ and that this action was baseless, the plaintiffs commenced and continued to prosecute the present action in an attempt to enforce the '505 and '230 patents against Impax . . . .

(*Id.* at ¶ 225).

Whether the claims of the Plaintiffs' patents are construed to include or exclude subcoatings formed in situ is a matter for the Court to decide, as it did in the First Wave Litigation. *See Astra v. Andrx*, 222 F. Supp. 2d at 464-70 (finding that the "subcoating" called for in Plaintiffs' patent was a layer that was physically on and conformed to the contours of the core and was underneath another layer or coating, but did not include gelatine capsules, could be made of one or more materials, and could contain imperfections). As the Court stated in its January 12 Order:

> In construing the term 'subcoating,' this Court determined in the First Wave Litigation that a subcoating is 'disposed on' the core region by virtue of its position relative to the core but that "does not require that the subcoating be applied using any particular process' and 'the subcoating need not necessarily be 'physically applied to' the core in a separate processing step.' . . . .
>
> The Court is not persuaded that deviation from that construction or finding is merited here, which leaves disputed issues of fact as to whether Apotex' ANDA Product infringes by use of an in situ subcoating.

(January 12, 2006 Order at 27-28, citing *Astra v. Andrx*, 222

F. Supp. 2d at 470).

Thus again, because (1) Impax's Sham Litigation counterclaim depends on claim construction to show that Plaintiffs' suit against Impax is "objectively baseless" (the first required element), and (2) the Court has already construed those claim terms in a manner that does not support Impax's allegation that the suit is "objectively baseless" and will construe any additional disputed claim terms, as it must under *Markman*, 52 F.3d at 976, there are simply no questions of fact common to Impax's Sham Litigation counterclaim and the rest of the case that would be decided by a jury.

Accordingly, for the reasons stated above, the January 13 Order is confirmed.

VIII. Impax's Asserted Right To A Jury Trial Based On The Court's Lack Of Discretion To Strike Impax's Jury Demand

Impax next argues that "this court does not have discretion to advance equitable issues to a bench trial to the detriment of Impax's right to a jury trial." (Pl. Reconsideration Mem. at 21). For the reasons stated above and in its January 13 Order, it is the Court's considered judgment that Impax does not have a right to a jury trial based on the claims and defenses remaining in the action. Therefore, the Court is not acting to the detriment of any right by seeking to hold a consolidated trial of the Second Wave Defendants, including Impax, in this Multi-district Litigation.

The Court did properly exercise its discretion - in the interest of judicial economy and in a manner consistent with the parties' prior agreement and actions to date - when it ordered that Impax's "antitrust counterclaims be severed and stayed pending resolution of the remainder of the patent infringement action." (January 13 Order at 7-8). "Under Rule 42(b), a district court has broad discretion in separating issues and claims for trial as part of its wide discretion in trial management." *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987); FED R. CIV. P. 42(b). Although Impax does not dispute the Court's authority under Rule 42(b), to the extent that Impax's motion for reconsideration confuses or misrepresents the Court's exercise of discretion, the motion is denied and the January 13 Order is confirmed.

IX. Impax's Request For Certification For Interlocutory Appeal

In the alternative, "Impax has requested the Court certify this issue for an immediate appeal under 28 U.S.C. § 1292(b)." (Pl. Reconsideration Mem. at 23). 28 U.S.C. § 1292(b) states, in pertinent part, that:

> [w]hen a district judge, in making in a civil action an order not otherwise appealable under this section, shall be of the opinion that such order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation, he shall so state in writing in such order. The Court of Appeals which would have jurisdiction of an appeal of such action may thereupon, in its discretion, permit an appeal to be taken from such order, if application is

> made to it within ten days after the entry of the order. . . .

An interlocutory appeal under § 1292(b) is to be used, or applied, only in exceptional cases, where an intermediate appeal may avoid protracted or expensive litigation. *See, e.g.*, *Campbell v. DiGuglielmo*, 115 F. Supp. 2d 452, 454 (S.D.N.Y. 2000) (stating that the court of appeals determines whether exceptional circumstances justify a departure from the basic policy of postponing appellate review until after entry of final judgment); *In re Buspirone Patent Litigation*, 210 F.R.D. 43, 49 (S.D.N.Y. 2002); *Gulino v. Board of Educ. of City School Dist. of City of New York*, 234 F. Supp. 2d 324 (S.D.N.Y. 2002). The provision, therefore, is used sparingly and construed strictly by the court of appeals. *See Wausau Business Ins. Co. v. Turner Const. Co.*, 151 F. Supp. 2d 488 (S.D.N.Y. 2001); *Campbell*, 115 F. Supp. 2d at 454. The fact that a case involves an important legal question, without more, is generally insufficient to justify the application of the provision. *Bobolakis v. Compania Panamena Maritima San Gerassimo, S.A.*, 168 F.Supp. 236, 239-40 (S.D.N.Y. 1958).

In this Court's considered judgment, the issue of Impax's entitlement to a jury does not present "a controlling question of law as to which there is substantial ground for differences of opinion." 28 U.S.C. § 1292(b). Moreover, Impax has not shown any reason why this is an "exceptional case" that warrants abandoning "the policy in the ordinary case of discouraging piecemeal appeals." *In re Heddendorf*, 263 F.2d 887, 889 (1st Cir. 1959); 36 C.J.S. Federal Courts § 428.

In addition, the form of alternative relief sought by Impax is not procedurally correct. To the extent a party disputes a district court's denial of its jury demand in a patent litigation,

the common procedural mechanism is to petition the Federal Circuit for a writ of mandamus, under 28 U.S.C. § 1651, to compel the district court to grant its request for a jury trial. *See, e.g., Beacon Theatres*, 359 U.S. at 511; *Lockwood*, 50 F.3d at 970; *Tech. Licensing*, 423 F.3d at 1288. As the Supreme Court noted in *Dairy Queen, Inc. v. Wood*, 269 U.S. 469, 472 (1962), it is "the responsibility of the Federal Courts of Appeals to grant mandamus where necessary to protect the constitutional right to trial by jury."

Therefore, Impax's request for certification for interlocutory appeal is denied.

CONCLUSION

Accordingly, the Court's January 13 Order is confirmed and Impax's request for certification for interlocutory appeal is denied.

SO ORDERED.

/s/_____
BARBARA S. JONES
UNITED STATES DISTRICT JUDGE

Dated: New York, New York
February 24, 2006

APPENDIX E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

M-21-81 (BSJ)
MDL Docket No. 1291

[Filed January 13, 2006]

In re	)
OMEPRAZOLE PATENT LITIGATION	)
	)

BARBARA S. JONES
UNITED STATES DISTRICT JUDGE

ORDER

At the request of the Court at a hearing on December 1, 2005, Plaintiffs Astrazeneca AB, Aktiebolaget Hassle, KBI-E, Inc., KBI Inc., and Astrazeneca, LP (collectively "Plaintiffs") and Defendant Impax Laboratories, Inc. ("Impax") have submitted briefing on the issue of whether Impax is entitled to a jury trial.

For the reasons below, the Court finds that, under the circumstances of the case and in the interest of judicial economy, Impax does not have a right to a jury trial.

BACKGROUND

Plaintiffs Astrazeneca AB, Aktiebolaget Hassle, KBI-E, Inc., KBI Inc., and Astrazeneca, LP (collectively "Plaintiffs") filed their initial complaint against Impax in the District of Delaware on May 15, 2000. The action was transferred to the Southern District of New York by MDL Panel on September 28, 2000 for pre-trial proceedings. On February 1, 2005, the Court granted Plaintiffs leave to file a Second Amended Complaint against Impax, in which Plaintiffs added allegations of direct, contributory and inducing infringement under § 271(a)-(c) and demanded damages. (Second Amend. Compl., Mar. 1, 2005 at ¶¶ 19a-20, 31a-32 (Declaration of Emily Jane Kunz in Support of Astra's Memorandum of Law Concerning Impax' Right to a Jury Trial ("Kunz Decl."), Ex. C)). On February 14, 2005, Impax filed its Answer and Counterclaims to Plaintiffs' Second Amended Complaint, wherein Impax demanded a jury trial on Plaintiffs' infringement claims and all its counterclaims. (Impax' Answer & Counterclaims at ¶ 235). In their counterclaims, Impax sought declarations of noninfringement, invalidity, and unenforceability of the '505 and '230 patents and made Walker-Process and sham litigation antitrust counterclaims. (*Id.* at ¶¶ 172-234).

At the same time, Plaintiffs' claims for damages and willful infringement were severed and stayed pending resolution of the patent liability issues. (Order Granting Leave to File Second Amended Complaint and Severing and Staying Discovery and Trial on Willful Infringement and Damages (Kunz Decl., Ex. B)). Plaintiffs and Impax also agreed to sever and stay the antitrust counterclaims in 2003, and in conformity with that agreement, the parties have taken no discovery to date on any antitrust issues. (*See* Oct. 29, 2003 Letter from Ohly to Taylor; Nov. 6, 2003 Letter from Ohly

to Taylor; and Mar. 2, 2004 Letter from Ohly to Carlin (Kunz Decl. Exs. E, F, & G, respectively)).

At the December 1, 2005 hearing, Plaintiffs suggested that the Court bifurcate the 35 U.S.C. § 271(a)-(c) claims of infringement from the solely equitable claims arising under § 271(e) in order to allow the Court to rule, as the trier of fact, on the "representativeness" of Impax' expired samples and to consolidate this case for a bench trial.

DISCUSSION

I. The Seventh Amendment Right to a Jury Trial

The Seventh Amendment preserves the right to a jury trial "in suits at common law" and guarantees that "no fact tried by a jury shall be otherwise re-examined in any Court of the United States" other than according to the rules of common law." U.S. Const. Amend. VII. A party's right to a jury is a safeguarded only so far as that right would have existed in 1791, i.e., in courts of law and not in courts of equity. *Dimick v. Schiedt*, 293 U.S. 474, 476 (1935); *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339 (Fed. Cir. 2001). With the merger of courts of law and equity, courts now consider both the nature of the action involved and the remedy sought to determine whether a case is "more similar to cases that were tried in courts of law than the suit tried in courts of equity or admiralty." *Tull v. U.S.*, 481 U.S. 412, 417-18 (1987); *Chauffeurs, Teamsters & Helpers, Local No. 391 v. Terry*, 494 U.S. 558, 565 (1990).

Generally, the right to a jury trial on patent liability issues depends on the plaintiff's decision to seek damages. *See, e.g., Bioavail Laboratories, Inc. v. Torpharm, Inc.*, 2002 WL 1732372 (July 25, 2002, No. 01C 9008) (right to a jury trial

arises when damages may be awarded under § 271(e)(4)(C)). Here, after Impax began commercial sales, Plaintiffs amended their complaint to seek both equitable and legal relief under § 271(a)-(c) and 271(e). Considering the efficiency of a consolidated trial of all Second Wave defendants, Plaintiffs now are "prepared to dismiss with prejudice its request for damages against Impax if it will permit the Impax case to be tried without a jury at the same time as the in-district Second Wave cases (Lek, Mylan and Esteve)." (Pl. Mem. at 2). Nevertheless, because the right to a jury trial is determined for each issue, as opposed to the action as a whole, the Court examines each claim to ascertain whether equitable or legal relief is sought. *Ross v. Bernhard*, 396 U.S. 221 (1970).

II. Plaintiffs' Claims

Plaintiffs' claims of infringement under § 271(a)-(c) are a legal action but are considered purely equitable if damages are not sought. *Tegal*, 257 F.3d at 1338-1340 (holding that even though the plaintiff initially sued for both damages and injunctive relief, when the damages were dropped, the nature of the action was no longer legal). As the court in *Tegal* explained, where a plaintiff is seeking only "an injunction, it is clear that [the plaintiff] would have need[ed] . . . to bring its case in a court of equity." *Id.* at 1331. Therefore, because Plaintiffs have agreed to dismiss with prejudice their claims for damages, the claims of infringement and relief sought under § 271(a)-(c) are equitable in nature.

As to Plaintiffs' claims of infringement under § 271(e)(2), they are purely equitable and do not give rise to a jury trial right. *See Sanofi-Synthelabo v. Apotex*, No. 02 Civ, 2255, 2002 WL 1917871, at 2 (S.D.N.Y. Aug. 20, 2002)("There is no question that Sanofi has no right to a jury trial on its claims pursuant to § 271(e)(2)."); *Glaxo Group Ltd. v.*

Apotex, Inc., 2001 WL 1256628, at *15 (N.D. Ill. Oct. 16, 2001), aff'd, *In re Apotex*, No 690, 2002 WL 31388364 (Fed. Cir. Oct. 9, 2002). Likewise, requests for attorney's fees and costs cannot alter the fundamental nature of an equitable action and are therefore themselves equitable, not legal, claims. *Emmpresa Cubana Del Tobacco v. Culbro Corp.*, 123 F. Supp. 2d 203, 211 (S.D.N.Y. 2000); *Northgate Homes, Inc. v. City of Dayton*, 126 F.3d 1095, 1099 (8th Cir. 1997).

As set forth above, the Court finds that upon dismissal of Plaintiffs' claims for damages, the balance of Plaintiffs' claims are purely equitable and, therefore, do not support a right to a jury trial under the Seventh Amendment.

III. Impax' Affirmative Defenses and Counterclaims

A. Impax' Affirmative Defenses

Historically "legal" affirmative defenses do not create a right to a jury trial because the Seventh Amendment has been "understood to protect claims, and not defenses which assert no claim for relief." *Burlington N. R.R. Co. v. Neb. Pub. Power Dist.*, 931 F. Supp. 1470, 1481 (D. Neb. 1996). As the Federal Circuit explained, "a defendant, asserting only affirmative defenses and no counterclaims, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction." *Tegal*, 257 F.3d at 1341. Thus, Impax' affirmative defenses alone do not alter the Seventh Amendment analysis of Impax' right to a jury trial because they do not alter the equitable nature of the claims at issue.

B. Impax' Non-infringement and Invalidity Declaratory Judgment Counterclaims

The Federal Circuit recently held that declaratory judgment actions for invalidity or non-infringement do not warrant a Seventh Amendment right to a jury trial unless "the infringement claim, as asserted by the patentee, would give rise to a jury trial." *In re Tech. Licensing Corp.*, 423 F.3d 1286, 1290 (Fed. Cir. Sept. 12, 2005). Declaratory judgment themselves are "neither legal nor equitable." *Gulfstream Aerospace Corp. v. Mayacama Corp.*, 485 U.S. 271, 284 (1988). Rather, "the nature of the underlying dispute determines whether a jury trial is available." *Petition of Rosenman & Colin*, 850 F.2d 57, 60 (2d Cir. 1988). Here, once Astra dismisses with prejudice its request for damages, Impax is not entitled to a jury trial based on its non-infringement and invalidity declaratory judgment counterclaims.

C. Impax' Unenforceability Counterclaim

Impax' counterclaim for a declaration of unenforceability is based in an allegation that Plaintiffs engaged in "inequitable conduct." (*See* Impax' Answer & Counterclaims at ¶ 192). The Federal Circuit has held that inequitable conduct defenses are equitable and no not provide the grounds for a Seventh Amendment right to a jury trial. *Paragon Podiatry Lab., Inc. v. KLM Labs, Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993); *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987)(agreeing with district court that "the defense of inequitable conduct is equitable in nature and thus does not give rise to the right of trial by jury"). Therefore, Impax' counterclaim of patent unenforceability also does not give rise to a right to a jury trial.

D. Impax' Antitrust Counterclaims

Plaintiffs and Impax agreed to sever and stay Impax' antitrust counterclaims in 2003, and in conformity with that agreement, the parties have taken no discovery to date on any antitrust issues. (*See* Oct. 29, 2003 Letter from Ohly to Taylor; Nov. 6, 2003 Letter from Ohly to Taylor; and Mr. 2, 2004 Letter from Ohly to Carlin (Kunz Decl., Exs. E, F, & G, respectively)). Legal claims that are severed and stayed do not factor into the Seventh Amendment analysis on liability issues. *See, Anti-Monopoly, Inc. v. Gen. Mills Fun Group*, 611 F.2d 296, 307-08 (9th Cir. 1979)(affirming that where legal antitrust claims were severed from plaintiff's trademark infringement claims, a jury trial was improper because no legal issues remained in the matter before the district court, even though legal issues remained in the severed antitrust action).

"Under Rule 42(b), a district court has broad discretion in separating issues and claims for trial as part of its wide discretion in trial management." *Gardco Mfg.*, 820 F.2d at 1212. Because the parties here, as in *Anti-Monopoly*, have agreed to sever and stay the antitrust claims, and because severance of antitrust claims is common in patent litigation, *see, e.g., ASM Am., Inc. v. Genus, Inc.*, No. 01-2190 EDL, 2002 24444, at *6 (N.D. Cal. Jan. 9, 2002), this Court hereby orders that Impax' antitrust counterclaims be severed and stayed pending resolution of the remainder of the patent infringement action. As such, the severed antitrust claims do not support a right to a jury trial.

CONCLUSION

Accordingly, Impax' antitrust counterclaims are severed and stayed pending resolution of the patent infringement

action. Plaintiffs' shall submit a voluntary dismissal with prejudice of its claims for damages, and upon entry of the dismissal, Impax' request for a jury trial is denied.

SO ORDERED.

/s/_____
BARBARA S. JONES
UNITED STATES DISTRICT JUDGE

Dated: New York, New York
January 13, 2006

FILED
JUL 13 2006
OFFICE OF THE CLERK
SUPREME COURT, U.S.

(3)

No. 05-1583

In the Supreme Court of the United States

IMPAX LABORATORIES, INC.,

Petitioner,

v.

ASTRAZENECA AB, AKTIEBOLAGET HASSLE, KBI-E, INC., KBI, INC. AND ASTRAZENECA LP,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

JAY I. ALEXANDER
MILBANK, TWEED,
HADLEY & MCCLOY LLP
1850 K Street, N.W.
Washington, D.C. 20006
(202) 835-7500

ERROL B. TAYLOR
Counsel of Record
FREDRICK M. ZULLOW
JOHN M. GRIEM, JR.
LAWRENCE T. KASS
MILBANK, TWEED,
HADLEY & MCCLOY LLP
One Chase Manhattan Plaza
New York, NY 10005
(212) 530-5000

Counsel for Respondents

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RULE 29.6 STATEMENT

Pursuant to Rule 29.6, Respondents state that the parent corporations or publicly held companies holding 10% or more of the stock of AstraZeneca AB, Aktiebolaget Hassle or AstraZeneca LP are AstraZeneca PLC and Zeneca Wilmington, Inc. and that the parent corporation or publicly held company holding 10% or more of the stock of KBI-E, Inc. and KBI, Inc. is Merck & Co., Inc.

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INTRODUCTION

The Court of Appeals decided this case by employing a straightforward application of its recent holding in *In re Technology Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005), *cert. denied*, ___ U.S. ___ (June 5, 2006). *Technology Licensing* held that a party seeking a declaratory judgment of patent invalidity has no right to a jury trial where in the underlying controversy the patentee seeks only equitable remedies.

The Court denied Technology Licensing Corporation's petition for *certiorari* earlier this Term. The Petitioner here concedes that the Technology Licensing petition raised the same issue presented in this case. The present petition should likewise be denied.

The Federal Circuit in *Technology Licensing* followed this Court's Seventh Amendment precedent, under which the nature of the relief sought is given special weight in the otherwise "abstruse historical" inquiry into whether a jury right would exist had the case been brought in the 18th Century English courts. *Tull v. United States*, 481 U.S. 412, 417 (1987). That analysis was performed correctly in *Technology Licensing* and applied consistently in this case.

The rule of *Technology Licensing* creates no circuit conflicts in light of the Federal Circuit's exclusive jurisdiction over patent infringement litigation. Furthermore, and contrary to Petitioner's assertions, that decision is clear and understandable to district courts hearing patent cases (as demonstrated by the district court's application of it here) and is harmonious with more than a decade of previous Federal Circuit precedent on the issue.

In fact, this case presents even stronger reasons for denial because its procedural posture makes it an extremely poor

In January 2005, after learning that Teva Pharmaceuticals USA, Inc. had started commercial sales of Petitioner's 10mg and 20mg omeprazole product under a strategic alliance agreement with Petitioner, Respondents filed a second amended complaint requesting, in addition to the previously sought equitable relief, an award of money damages under 35 U.S.C. §284 pursuant to 35 U.S.C. §§271(a)–(c). PMApp. at A156-165. Respondents also filed a separate action against Teva. PMApp. at A354-362. In response, Petitioner answered and re-asserted its invalidity and unenforceability counterclaims and its previously stayed antitrust claims. In addition, Petitioner for the first time made a general jury demand. PMApp. at A166-219.

Petitioner is one of four groups of defendants (known as the "Second Wave" defendants) who are accused of infringing the same patents by applying for FDA approval to market generic omeprazole. These cases were consolidated in the United States District Court for the Southern District of New York before the Hon. Barbara S. Jones for pre-trial proceedings by the Judicial Panel on Multidistrict Litigation, and have been consolidated for trial in that district. *In re Omeprazole Patent Litigation*, MDL Docket No. 1291. Judge Jones previously conducted a consolidated bench trial of four "First Wave" defendants in 2002 involving the same patents. *See In re Omeprazole Patent Litigation*, 222 F.Supp.2d 423 (S.D.N.Y. 2002), *aff'd*, 84 Fed. Appx. 76 (Fed. Cir. 2003).

By December 2005, it became clear that Petitioner would assert that, in light of its jury demand it could not be part of a contemplated consolidated bench trial of other Second Wave defendants on patent liability issues then scheduled for early 2006. PMApp. at A460-462. Respondents thereafter obtained the district court's permission to voluntarily waive their claims for damages against Petitioner with prejudice,

leaving in place only Respondents' claims for equitable relief. Pet. App. 38a-45a; PMApp. at A11-12. Relying on *Technology Licensing*, the district court struck Petitioner's jury demand. *See* Pet. App. at 43a. The district court continued thereafter with pre-trial proceedings leading to a consolidated bench trial of the Second Wave defendants, including Petitioner.

Shortly before trial, Petitioner sought reconsideration of the district court's decision striking its jury demand. The district court denied reconsideration and expanded on its explanation of its application of *Technology Licensing*. *See* Pet. App. at 15a-21a. Petitioner thereafter unsuccessfully sought a writ of mandamus and subsequent rehearing and rehearing *en banc* from the Federal Circuit. Pet. App. 1a-7a. Each of the district court and Court of Appeals decisions below relied fundamentally on the holding in *Technology Licensing* that a party seeking a declaratory judgment of patent invalidity has no right to a jury trial where in the underlying controversy the patentee seeks only equitable remedies. *See* Pet App. at 6a-7a, 15a-21a, 43a.

The consolidated bench trial of the Second Wave defendants, including Petitioner, commenced on April 3, 2006 and the evidentiary record was closed on June 15, 2006. The parties anticipate completing post-trial briefing on July 28, 2006 and expect that the district court will issue its findings of fact and conclusions of law under FED. R. CIV. P. 52(a) in due course.

REASONS FOR DENYING THE WRIT

The Federal Circuit in *Technology Licensing* applied this Court's "historical test" for determining whether the Seventh Amendment guarantees a jury trial to a party seeking a declaratory judgment of patent invalidity where the patentee

seeks only equitable relief in the underlying controversy. The court held that the declaratory judgment claimant did not have a right to a jury trial in those circumstances. The district court and the Federal Circuit both applied the same rule in this case. *See* Pet. App. at 7a ("We agree that our decision in *Technology Licensing* supports the district court's determination that Impax was not entitled to a jury trial on its counterclaims regarding the patents.").

Although the decision in *Technology Licensing* drew the dissent of one judge, the Federal Circuit declined invitations to revisit the issue *en banc* both in *Technology Licensing* and in this case. This Court denied *certiorari* in *Technology Licensing* just last month. No reason exists for the Court to disturb in this case what has evolved as an orderly and consistent application by the Federal Circuit of a manifestly correct constitutional rule.

A. The Court Already Concluded Earlier in This Term That the Question Presented Does not Merit Review.

On June 5, 2006, the Court denied *certiorari* in *Technology Licensing*. The petition in that case cast the question presented as: "Whether the Seventh Amendment right to jury trial of the parties to a declaratory relief action for patent invalidity should be governed solely by the nature of the remedy sought in the patentee's claim or counterclaim for infringement." *See* Pet. for *Certiorari* in *Technology Licensing Corp. v. Gennum Corp.*, No. 05-1248 (filed Mar. 28, 2006). The petition asserted that this Court should intervene because the Federal Circuit's precedent was unclear and in conflict with this Court's Seventh Amendment precedent. *Id.* at 11-24.

Petitioner in this case states that "Technology Licensing Corporation's petition presents the same question as the present case" and requests that the Court consider the two petitions together. *See* Pet. at 2. The current petition makes essentially the same arguments that were rejected in Technology Licensing Corporation's petition. For the reasons explained below, the Court's decision not to review this issue in *Technology Licensing* was correct. The current petition should also be denied.

B. The Federal Circuit's Seventh Amendment Precedent is Neither Inconsistent nor Confusing.

As discussed in detail, *infra*, the Federal Circuit has for more than a decade consistently and correctly applied the rule that a right to a jury in a declaratory judgment action for patent invalidity depends on the relief sought by the patentee in the underlying infringement controversy that gives rise to declaratory judgment jurisdiction. There is nothing inconsistent or confusing about the way in which the Federal Circuit has applied its precedent in this area, which uniquely impacts patent disputes within the confines of that court's exclusive jurisdiction.

1. No Circuit Split is Possible in Light of the Federal Circuit's Exclusive Jurisdiction Over Patent Litigation.

Although the question presented in the petition is a constitutional one, it can arise only in a federal patent case over which the Federal Circuit is given exclusive jurisdiction. *See* 28 U.S.C. §1295(a)(1). Since passage of the Federal Courts Improvement Act of 1982, 96 Stat. 25, no other Court of Appeals has had jurisdiction to review declaratory judgments relating to patent validity, which in nearly every conceivable situation stem from cases or controversies

arising from assertions of patent infringement under 35 U.S.C. §271.

Inter-circuit conflict is therefore impossible. Petitioner nevertheless asserts conflict with cases from the First, Fifth and Sixth Circuits. *See* Pet. at 24-25. No such conflict exists, however. None of the cases cited by Petitioner involved declaratory judgment actions. Moreover, the rationale of all three decisions is identical to that in *Technology Licensing*—the nature of the relief sought governs whether a jury trial right exists.

In *Hildebrand v. Board of Trustees of Mich. State Univ.*, 607 F.2d 705, 708 (6th Cir. 1979), the Sixth Circuit held that "the chief focus to be made when determining whether a jury trial right exists is the nature of the relief sought." Because the relief sought in that case was legal—compensatory and punitive damages—the court held that the district court had erred by removing the case from the jury. In *In re Evangelist*, 760 F.2d 27 (1st Cir. 1985), the First Circuit decided, on mandamus, that the plaintiff's claim under the Investment Company Act of 1940 was equitable in nature, and therefore declined to order a jury trial. In *Armco, Inc. v. Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1158 (5th Cir. 1982), the Fifth Circuit held that after the plaintiff's claim for damages was dismissed, the defendant no longer had a right to a jury trial.

Thus, the three circuits allegedly in conflict with the Federal Circuit are not, in fact, in conflict. Each of these Courts of Appeal have looked to the nature of the relief sought by the claimant in order to determine whether a right to jury trial exists.

2. The Generalized "Confusion" Asserted in the Petition is Minimal and Does Not Merit Review.

Petitioner also asserts that the Federal Circuit's jurisprudence itself is "inconsistent" and "flawed." *See* Pet. at 16, 21-23. Tellingly, despite invitations to do so in both *Technology Licensing* and in this case, that court has not seen fit to consider the issue *en banc*, even in light of the dissenting opinion of one panel member in *Technology Licensing*. Petitioner's assertions lack merit.

Petitioner attempts to demonstrate its point by relying on two non-precedential decisions from the Federal Circuit (while ignoring the highly pertinent precedential decision in *Tegal Corp. v. Tokyo Electron America, Inc.*, 257 F.3d 1331 (Fed. Cir. 2001), discussed *infra*) and three district court cases (one of which is cited incorrectly). These cases, taken together, do not indicate that the law is unsettled. Moreover, all of these cases were decided before the Federal Circuit's clarifying and definitive opinion in *Technology Licensing*, which now obviates any claim of "confusion," regardless of whether any such claim ever had validity.

Petitioner's reliance on the Federal Circuit's non-precedential decisions in *In re SGS-Thomson Micro., Inc.*, 1995 WL 258370 (Fed. Cir.), *cert. denied*, 516 U.S. 931 (1995) and *In re Apotex*, 49 Fed. Appx. 902 (Fed. Cir. 2002) is particularly misplaced. Both decisions were issued under FED CIR. R. 47.6(b), which provides: "An opinion or order which is designated as not to be cited as precedent is one determined by the panel issuing it as not adding significantly to the body of law. Any opinion or order so designated must not be employed or cited as precedent." The Federal Circuit does not consider itself bound by its non-precedential opinions. *See Symbol Technologies, Inc. v. Lemelson*

Medical Educ. & Res. Found., 277 F.3d 1361, 1368 (Fed. Cir. 2002). A non-binding, non-precedential opinion *a fortiori* should not cause confusion or inconsistency in the Federal Circuit's jurisprudence.

Petitioner states nonetheless that three district courts have "interpreted *Lockwood* and "*SGS-Thompson* [sic]" to hold that a right to a jury trial exists on a counterclaim seeking a declaratory judgment of invalidity, without regard to whether the patentee could or did file a claim of damages in the same action." Pet. at 22. One of those decisions, *Sanofi-Synthelabo v. Apotex, Inc.*, 2002 WL 1917871 (S.D.N.Y. 2002), actually held to the contrary. *See id.* at *7 (striking jury demand of plaintiff who asserted claim only to equitable relief under 35 U.S.C. §271(e)(2)).

The remaining two cases cited by Petitioner were decisions of the District Court for the District of New Jersey in *Hoechst Marion Roussel, Inc. v. Par Pharmaceutical, Inc.*, 1996 WL 468593 (D.N.J. 1996) and *Warner-Lambert Co. v. Purepac Pharmaceutical Co.*, 2001 WL 883232 (D.N.J. 2001). The *Hoechst* decision was based on the mistaken view that the Federal Circuit's non-precedential decision in *SGS-Thomson* was "[t]he controlling law on this issue." 1996 WL 468593 at *5. That statement was inaccurate because, as explained above, *SGS-Thomson* was a non-precedential decision. The *Warner-Lambert* court, in turn, viewed the *Hoechst* decision as "clear authority" and also cited heavily to *SGS-Thomson*. 2001 WL 883232 at *2-*3.

The two New Jersey decisions were therefore based on the flawed premise that the Federal Circuit's non-precedential decisions were controlling. While a matter of concern, this does not rise to a level requiring this Court's intervention for the simple reason that now, the Federal Circuit has issued a precedential decision directly on point,

i.e., *Technology Licensing*. It therefore seems certain that the district court in New Jersey would apply *Technology Licensing* in any future case that raises the jury trial question, just as the district court and the Federal Circuit did in this case.

Moreover, the other district courts that have addressed the issue have applied the same rule applied in this case, even before the *Technology* Licensing decision was issued. The Northern District of Illinois held in *Glaxo Group Ltd. v. Apotex, Inc.*, 2001 WL 1246628 (N.D. Ill. 2001); *Pfizer, Inc. v. Novopharm Ltd.*, 2001 WL 477163 (N.D. Ill. 2001); and *Biovail Labs., Inc. v. Torpharm, Inc.*, 2002 WL 1732372 (N.D. Ill. 2002) that the relief sought by the patentee governed the course of trial. The District of Delaware also applied the same rule in a pre-*Technology Licensing* decision. *See KAO Corp. v. Unilever U.S., Inc.*, 2003 WL 1905635 (D. Del. 2003) (holding no right to jury existed after patentee withdrew its claims for damages). Petitioner's claims of "confusion" in the district courts over the question of when to grant a jury trial in patent declaratory judgment actions are therefore overblown.

The district court in this case, which benefited from the clear and unambiguous guidance pronounced in *Technology Licensing*, clearly suffered no confusion in holding that Petitioner was not entitled to a jury trial because Respondents had voluntarily abandoned their claim for damages. *See* Pet App. at 21a. No reason exists to suspect that district courts in the future will be confused by the Federal Circuit's clear guidance in *Technology Licensing* which was, as now discussed, manifestly correct.

C. *Technology Licensing* Correctly Held That the Nature of the Relief Sought by the Patentee Governs the Mode of Trial.

The Federal Circuit recognized in *Technology Licensing* that the right to a jury under the Seventh Amendment turns on this Court's two-part test: (1) a comparison of the action to the analogous action, if any, brought in 18th Century England; and (2) the nature of the relief sought. 423 F.3d at 1287; *Tull*, 487 U.S. at 417-18.

The Seventh Amendment preserves the right to a jury trial only in civil actions "at common law." U.S. CONST. AMEND. VII; *Chauffers, Teamsters & Helpers Local No. 391 v. Terry*, 494 U.S. 558, 564 (1990). An action "at common law" is one which would have been tried to a common law court, not a court of equity, in 18th Century England. *Tull*, 481 U.S. at 417 ("Prior to the [Seventh] Amendment's adoption, a jury trial was customary in suits brought in the English *law* courts. In contrast, those actions that are analogous to 18th-century cases tried in courts of equity or admiralty do not require a jury trial.") (emphasis in original).

This Court has called the determination of the correct 18th Century analog to a particular cause of action an "abstruse historical" exercise. *Id.* at 421. Thus, in characterizing a particular cause of action, the "relief sought is 'more important' than finding a precisely analogous common-law cause of action in determining whether the Seventh Amendment guarantees a jury trial." *Id.* (quoting *Curtis v. Loether*, 415 U.S. 189, 196 (1974)). *See also Granfinanciera S.A. v. Nordberg*, 492 U.S. 33, 42 (1989) ("The second stage of this analysis is more important than the first.").

"A key dividing line between law and equity has historically been that the former deals with money damages and the latter with injunctive relief." *Hildebrand*, 607 F.2d at 708. Historically, patentees sought "actual damages" in courts of law and equitable remedies (*e.g.*, injunctive relief or an accounting of infringer's profits) in courts of equity. *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1440 (Fed. Cir. 1998).

Prior to *Technology Licensing*, the Federal Circuit had addressed the question of whether the Seventh Amendment entitles a patent infringement defendant to a jury trial in two precedential decisions: *In re Lockwood*, 50 F.3d 966 (Fed. Cir.), *cert. granted*, 515 U.S. 1121, *vacated*, 515 U.S. 1182 (1995) and *Tegal Corp. v. Tokyo Electron America, Inc.*, 257 F.3d 1331 (Fed. Cir. 2001).

In *Lockwood*, the Federal Circuit held that a patentee who had sought money damages for infringement, but who had lost that claim in an interlocutory summary judgment, had a right to a jury trial of the patent defendant's declaratory judgment counterclaim for invalidity. In arriving at that conclusion, the Court of Appeals determined that the declaratory judgment claim for invalidity had no common law counterpart, but was most closely analogous to an inverted suit for patent infringement in which the affirmative defense of invalidity had been raised. 50 F.3d at 969-76. The patentee could direct the course of trial depending on his selection of the type of remedy he wished to pursue—in an action for damages at law, trial would be to a jury; in an equitable action seeking only injunctive relief, trial would be to the bench. *Id.* at 976.[2] In *Tegal*, the Federal Circuit held

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[2] This Court initially granted *certiorari*, 515 U.S. 1121 (1995). However, the Court later vacated the Federal Circuit's judgment and remanded the case to the district court for further proceedings

that a patent infringement defendant asserting the affirmative defense of invalidity was not entitled to a jury trial in a case where the patentee was seeking only equitable relief (*i.e.*, an injunction). 257 F.3d at 1339-41.

The facts presented by *Technology Licensing* differed from the prior cases in that, unlike in *Tegal*, the defendant had interposed a declaratory judgment claim for invalidity rather than an affirmative defense, and unlike *Lockwood*, it was the defendant, rather than the plaintiff, demanding a jury trial. *Technology Licensing*, 423 F.3d at 1288-90. The Federal Circuit held nonetheless that its reasoning in the two prior cases was dispositive. The court acknowledged its holding in *Lockwood* that a declaratory judgment for patent invalidity "resembles nothing so much as a suit for patent infringement in which the affirmative defense of invalidity has been pled." *Technology Licensing*, 423 F.3d at 1289 (quoting *Lockwood*, 50 F.3d at 974). In such suits, the Federal Circuit confirmed that it is the patentee who determines whether the right to jury trial exists:

> [I]n such common law actions, the patentee could elect whether to proceed at law or in equity, based on the remedy sought, and the right to a jury would depend on the patentee's choice:
>
> > If the patentee sought only damages, the patentee brought an action at law; in such a case, the defense of invalidity was tried to the jury, assuming that a jury had been demanded.... However, if the patentee facing past acts of infringement nevertheless sought

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after the patent owner withdrew his jury demand. 515 U.S. 1182 (1995). *See* Respondent's Motion to Dismiss as Moot in No. 94-1660, 1995 WL 848568.

> *only* to enjoin future acts of infringement, the patentee could only bring a suit in equity, and the defense of invalidity ordinarily would be tried to the bench.
>
> Thus, the [*Lockwood*] court concluded, under both English and American practice "it was the patentee who decided in the first instance whether a jury trial on the factual questions relating to validity would be compelled."

Technology Licensing, 423 F.3d at 1289 (quoting *Lockwood*, 50 F.3d at 976) (emphasis in original).

Applying the rule that the right to a jury trial is controlled by the relief sought by the patentee, the *Technology Licensing* court examined the distinction between the facts of its case and those of *Lockwood*. In *Lockwood*, the patentee had chosen to pursue a claim for damages but had lost that claim involuntarily as a result of an adverse ruling on summary judgment.[3] In *Technology Licensing* in contrast, the patentee had voluntarily and irrevocably dismissed its claim for damages and thus sought only injunctive relief. The *Technology Licensing* court found this distinction dispositive in ruling that no jury trial right existed in the case. This conclusion followed directly from the conclusion the court had drawn from its historical analysis: that the patentee decides the nature of the remedy being sought as the plaintiff in the inverted declaratory judgment action and thus controls the determination of whether the action is heard by a jury or the bench. *Technology Licensing*, 423 F.3d at 1289-90. The same result had been reached in *Tegal*, where the patentee

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[3] Even though Lockwood had lost his claim for damages on summary judgment, that was not a final decision and thus the damages claim could have been revived on a subsequent appeal.

had permanently withdrawn its claim for money damages only six days prior to trial and thus removed the right to a jury trial. *Tegal*, 257 F.3d at 1338.

This case, which is directly analogous to *Technology Licensing* in that the patentee has withdrawn its claim for damages, reached the same result. The Federal Circuit's jurisprudence has thus culminated in a clear rule that follows directly and logically from past precedent, and is simple to apply.

1. The Federal Circuit's Observation That The Nature of a Declaratory Judgment Action Derives Entirely From the Underlying Controversy That Creates it was Correct.

The Federal Circuit correctly determined in *Lockwood*, and confirmed a decade later in *Technology Licensing*, that an action for a declaratory judgment of patent invalidity, brought under 28 U.S.C. §§2201-02, has no close common law analog for purposes of this Court's Seventh Amendment "historical test." In 18th Century England, a party in apprehension of suit for patent infringement had no ability to initiate a private civil action to settle the controversy. The 20th Century declaratory judgment action in this country provided a new civil remedy that was not available to a party against whom a patent was asserted in 18th Century England.

Congress passed the Declaratory Judgment Act in 1934. 48 Stat. 955. Although the Act created a new statutory remedy, this Court initially described a declaratory judgment as "essentially an equitable cause of action." *Great Lakes Dredge & Dock Co. v. Huffman*, 319 U.S. 293, 300(1943)). Congress "explicitly contemplated that the courts would decide to grant or withhold declaratory relief on the basis of

traditional equitable principles." *Samuels v. Mackell*, 401 U.S. 66, 70 (1971).[4] This Court has more recently described declaratory judgment actions in the modern post-merger context as "neither legal nor equitable" and explained that they must be examined according to "to the kind of action that would have been brought had Congress not provided the declaratory judgment remedy." *Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485 U.S. 271, 284 (1988).

The Federal Circuit in *Lockwood* noted the *sui generis* nature of the declaratory judgment statute and concluded that because declaratory judgment jurisdiction derives entirely from the existence of an underlying controversy, such actions "are, for Seventh Amendment purposes, only as legal or equitable in nature as the controversies on which they are founded." *Lockwood*, 50 F.3d at 973 (citing *Gulfstream Aerospace*, *supra*). The Federal Circuit's conclusion follows directly from the observation that the jurisdiction of the federal courts to entertain declaratory judgment suits is

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[4] Creation of an alternative form of equitable relief to enable constitutional challenge to state laws was a paramount purpose of the Declaratory Judgment Act of 1934, which legislators at the time described as a "milder alternative" to the remedy of seeking a federal injunction under *Ex parte Young* against a state government official to prevent enforcement of a law being challenged. *See Steffel v. Thomson*, 415 U.S. 452, 466-67 (1974) (quoting S. Rep. No. 1005, 73d Cong., 2d Sess. (1934)). *See also* H.R. Rep. No. 1264, 73d Cong., 2d Sess., 2 (1934) ("The principle involved in this form of [declaratory judgment] procedure is to confer upon the courts the power to exercise in some instances preventive relief; a function now performed rather clumsily by our equitable proceedings and inadequately by the law courts.") (quoted in *Perez v. Ledesma*, 401 U.S. 82, 111-12 (1971) (BRENNAN, J., concurring in part)).

carefully circumscribed by Article III and by the Act itself. Federal courts may act under this jurisdiction only where there exists a "case of actual controversy." 28 U.S.C. §2201. The Act is "'operative only in respect to controversies which are such in the constitutional sense.'" *Textron Lycoming Reciprocating Engine Div. v. United Automobile, Aerospace and Agricultural Implement Workers of Am.*, 523 U.S. 653, 661 (1998) (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-240 (1937)).

To maintain a federal declaratory judgment suit, a plaintiff must demonstrate that a controversy exists that is immediate and real rather than abstract or distant. *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941); *Evers v. Dwyer*, 358 U.S. 202, 203 (1958) (the "question in each case is whether the facts alleged [show a substantial controversy] of sufficient immediacy and reality to warrant the issuance of a declaratory judgment"). Thus, in patent cases, declaratory judgment jurisdiction is limited to controversies that are "actual, not hypothetical or of uncertain prospective occurrence," *BP Chems., Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 977 (Fed. Cir. 1993), and where the dispute is of "sufficient immediacy and reality" to warrant judicial intervention. *Lang v. Pacific Marine & Supply Co.*, 895 F.2d 761, 765 (Fed. Cir. 1990).

Because declaratory judgment jurisdiction depends entirely on the existence of an actual controversy, it follows that the nature of the declaratory action derives from the nature of that controversy. This Court held in *Simler v. Conner*, 372 U.S. 221, 223 (1963), that the nature of the underlying dispute (an action on a contract) defined its "basic character" and thus gave rise to a jury trial even though it was brought in the form of a declaratory judgment action. *See id.* ("The fact that the action is in form a declaratory judgment case should not obscure the essentially legal nature

of the action."). The Federal Circuit's analysis in *Technology Licensing* is in full accord with this precedent.

The Federal Circuit's approach is also consistent with the approach taken by other Circuit Courts of Appeal that have analyzed the right to a jury trial in the context of declaratory judgment claims. *See, e.g., Shubin v. United States Dist. Court*, 313 F.2d 250, 251-52 (9th Cir. 1963) (holding no right to jury trial existed for declaratory judgment claim for patent invalidity where patentee had stipulated that no possibility of damages existed); *Petition of Rosenman & Colin*, 850 F.2d 57, 60 (2d Cir. 1988) ("the nature of the underlying dispute determines whether a jury trial is available"); *Owens-Illinois, Inc. v. Lake Shore Land Co.*, 610 F.2d 1185, 1189 (3d Cir. 1979) ("If the declaratory judgment action does not fit into one of the existing equitable patterns but is essentially an inverted law suit—an action brought by one who would have been a defendant at common law—then the parties have a right to a jury trial. But if the action is the counterpart of a suit in equity, there is no such right."); *Manning v. United States*, 146 F.3d 808, 811 (10th Cir. 1998) ("seeking declaratory relief does not entitle one to a jury trial where the right to a jury trial does not otherwise exist"); *James v. Pennsylvania General Ins. Co.*, 349 F.2d 228, 230 (D.C. Cir. 1965) ("The right to jury trial in a declaratory judgment action depends ... on whether the action is simply the counterpart of a suit in equity—that is, whether an action in equity could be maintained if declaratory judgment were unavailable—or whether the action is merely an inverted lawsuit.").

Petitioner argues from the flawed premise that a declaratory judgment claim for invalidity is wholly "independent" of the underlying claim for patent infringement. Petitioner cites for that proposition this Court's decision in *Cardinal Chemical Co. v. Morton Int'l,*

Inc., 508 U.S. 83, 96 (1993). *See* Pet. at 11. However, *Cardinal Chemical* held that a declaratory judgment claim for invalidity is "independent" of an infringement claim only in the context of deciding that a declaratory judgment claim for invalidity does not become moot on appeal after the appellate court has found no infringement. *Cardinal Chemical* does not speak to the nature of a declaratory judgment action insofar as it determines the existence *vel non* of the jury right, which is entirely distinct from the issue of whether an appellate finding of no infringement moots the appeal of the invalidity claim.

The Federal Circuit's determination in *Technology Licensing* that the jury trial right is determined by the relief sought by the patentee in the underlying controversy is thus logical and consistent with the precedent of this Court and the other Circuit Courts.

2. The 18th Century Writ of *Scire Facias* is not a Correct Analog to a Declaratory Judgment Action.

Despite the wealth of precedent to the contrary, Petitioner urges a different framework for analysis. It contends that an 18th Century common law analog to a declaratory judgment action for patent invalidity did exist in the form of the English writ of *scire facias*, and that such a finding compels the conclusion that a jury trial right exists in this case. *See* Pet. at 14-20. The Federal Circuit considered and correctly rejected this argument in both *Lockwood*, 50 F.3d at 974 n.9 and *Technology Licensing*, 423 F.3d at 1290; *see also id.* at 1292-96 (Newman, J., dissenting).

The writ of *scire facias* required the party against whom it issued to appear and show cause why a judicial record should not be enforced, repealed or annulled. *See* Am.

Heritage Dict. of the Engl. Language (4th ed. 2000). In 18th Century England, a King's subject could petition for a writ of *scire facias* to issue to the patentee to show cause why the patent should not be revoked where: (1) different patents had been issued to the same thing; (2) the patent had been granted by false suggestion; or (3) the patent had been granted contrary to law. *Mowry v. Whitney*, 81 U.S. 434, 440 (1871). In the first case, the writ could be issued in the name of the private party but in the latter cases, the writ issued only in the name of the King or his Attorney General. *Id.*; *United States v. American Bell Tel. Co.*, 128 U.S. 315, 360 (1888); *Attorney General v. Rumford Chem. Works*, 32 F. 608, 618 (C.C.D.R.I. 1876).

The *scire facias* was brought in the court of chancery. *Mowrey*, 81 U.S. at 440; *Rumford Chem. Works*, 32 F. at 618. The historical record indicates that where factual matters were disputed, the chancellor could refer those issues to a jury for trial. *See Rumford*, 32 F. at 618. However, jury proceedings in the chancery court were considered advisory, not a matter of right. *Cochrane v. Deener*, 94 U.S. 780, 783 (1876) ("A trial at law is ordered by a chancellor to inform his conscience, not because either party may demand it as a right, or that a court of equity is incompetent to judge questions of fact or of legal titles."). Moreover, nothing in the historical record indicates that the patentee, once served with the writ, could counterclaim for infringement and request relief in the same proceeding. The proceedings as reported appear to have focused exclusively on the grounds raised in the writ. This is an important difference from the modern-day declaratory judgment action, where an infringement counterclaim is permissible and may be compulsory.

If the writ of *scire facias* can be said to have an analog in modern day American practice, it is not a civil declaratory

judgment suit brought by a private individual for patent invalidity. Rather, if any such analog exists, it exists in the form of government-initiated proceedings to cancel an issued patent. This is apparent from a review of the methods historically available to challenge a patent in this country.

The first patent statutes in the United States differed from English law by granting a private right of action to repeal a patent within one year of issuance. *See* Act of April 10, 1790, §5, 1 Stat. 109, 111; Act of Feb. 21, 1793, §10, 1 Stat. 318. This Court described that right as "in the nature of a *scire facias*" and the matter was tried to a jury. *Ex parte Wood*, 22 U.S. 603, 610-11 (1824). However, when the patent statutes were re-written in 1836, that provision was repealed. As a result, beginning in 1836, "no one but the government, either in its own name or the name of its appropriate officer . . . [could] institute judicial proceedings for the purpose of vacating or rescinding the patent which the government has issued to an individual, except in [cases of interfering patents]." *Mowry*, 81 U.S. at 439.

Thus, in the 19th Century, this Court held that the Solicitor General could maintain a bill in equity to revoke two of Alexander Graham Bell's patents for alleged fraud. *United States v. Bell, supra.* Like the writ of *scire facias* in England, the case was brought in equity by the government and no provision existed for the patentee to bring counterclaims for infringement or otherwise obtain relief.

In modern times, a proceeding to cancel a patent (or claims thereof) takes the form of the statutory re-examination pursuant to 35 U.S.C. §§301-307 or 35 U.S.C. §§311-318. Re-examination proceedings are conducted by an examiner of the United States Patent & Trademark Office, the agency of the government responsible for the issuance of patents. Like the writ of *scire facias*, the proceeding begins with a

petition, normally from a third party, that raises detailed grounds for finding invalidity. If the agency chooses to initiate the proceeding, the patentee is called upon to respond, 35 U.S.C. §304, 314, and in certain instances the third party may comment on the proceedings. 35 U.S.C. §314(b)(2). However, the proceeding is not analogous to private civil litigation and no provision exists in the re-examination statute for patent infringement claims to be brought in the Patent & Trademark Office seeking either monetary or injunctive relief.

Even though the Patent Act of 1836 eliminated the private right of action to repeal a patent, a defendant in a patent infringement action could still raise invalidity defenses by "plead[ing] the general issue" including possible averments that the patentee had engaged in "concealment . . . for the purpose of deceiving the public" or that the patented invention was previously described in a public work, or in public use or on sale. *See* Act of July 4, 1836, §15, 5 Stat. 117, 123. Thus, beginning in 1836, invalidity was raised in private patent litigation solely as a defense against an infringement suit. The issue was neither inherently legal nor equitable and was not raised as a claim for relief at all.[5]

It was not until passage of the Declaratory Judgment Act of 1934 that an affirmative private cause of action for patent invalidity re-appeared in American jurisprudence. However, as discussed *supra*, the declaratory judgment action is a *sui generis* remedy that derives from the existence of a specific, immediate and concrete controversy that can be resolved by

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[5] In 18th Century England, invalidity was likewise available as a defense in a suit for infringement. *See, e.g., Boulton & Watt v. Bull*, 2 H.B. 463 (1795) (examining validity of Watt's steam engine patent in his infringement action against Bull).

the federal courts pursuant to the powers granted under Article III.

The modern declaratory judgment action is therefore entirely distinct from the writ of *scire facias*, both historically and procedurally. In England, *any* subject with a generalized claim of prejudice could petition the King to bring a *scire facias*. *Mowry*, 81 U.S. at 440 ("[W]hen a patent is granted to the prejudice of the subject, the king of right is to permit him upon his petition to use his name for the repeal of it, in scire facias at the king's suit.") (citing *The King v. Sir Oliver Butler*, 3 Lev. 220); *see* 3 William Blackstone, *Commentaries on the Law of England*, 261 ("[I]f the grant be injurious to a subject, the king is bound of right to permit him (upon his petition) to use his royal name for repealing the patent in a *scire facias*."). As one commentator explained:

> A void or illegal patent for an invention, is in law prejudicial to every one of her Majesty's subjects, for it commands them to abstain from the use of the art or invention comprised in it. For this reason every person is presumed to have such an interest in a patent for an invention, that if he alleges that it is illegal or void, he is entitled as of right to a *scire facias* in the name of the Queen, in order to repeal it.

William M. Hindmarch, *A Treatise on the Law Relative to Patent Privileges for the Sole Use of Inventions*, 385 (1847).

This broad-based standing to petition the King to revoke a patent contrasts sharply with the much more narrowly tailored standing requirement for seeking declaratory relief which, as discussed above, is closely cabined by the "case of actual controversy" requirement. Thus, unlike the practice of

petitioning for writ of *scire facias*, "[a] person not under reasonable apprehension of suit cannot overcome the absence of declaratory standing simply by challenging the patent prosecution and asserting fraud." *Medimmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 968 (Fed. Cir. 2005). Rather, a person with only a generalized complaint about an issued patent may proceed only by petitioning the government—either through the Patent & Trademark Office or the Justice Department as described above.

This distinction supports the determination reached by the Federal Circuit in *Technology Licensing* and *Lockwood* that a declaratory judgment action is more analogous to an "inverted" infringement suit than it is to the writ of *scire facias*. A declaratory judgment action settles a concrete and immediate dispute over a patent, including validity, infringement and the relief owed the patentee. If the potential defendant sues first, the patentee normally counterclaims for infringement and seeks relief, often as a compulsory counterclaim under FED. R. CIV. P. 13(a).[6] If the patentee files first, the defendant may counterclaim for invalidity in addition to asserting it as an affirmative defense. In either event, the case proceeds to trial as a private, civil patent infringement suit with invalidity asserted as a defense.

The Federal Circuit's conclusion that the right to jury trial is properly judged based on the nature of the underlying

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[6] If, in contrast, the patentee states that he does not intend to seek relief for infringement, the declaratory judgment action must be dismissed for lack of jurisdiction. *See, e.g., Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1058-59 (Fed. Cir. 1995).

patent infringement dispute—including most importantly the nature of the relief sought—is therefore manifestly correct.[7]

D. The Procedural Posture of This Case Makes it Especially Inappropriate for Review.

Finally, the procedural posture of this case makes it an especially weak candidate for *certiorari* because the district court has already completed the evidence-taking phase of the bench trial Petitioner sought to avoid in its petition for mandamus to the Federal Circuit. The district court determined that it would be judicially efficient to proceed with the 11-week consolidated Second Wave trial with Petitioner included as one of the defendants. That decision can scarcely be questioned in view of the logistical difficulties of trying multiple defendants in a complex patent case in which the patents have a relatively short remaining life.

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[7] This conclusion comports with other important doctrines relating to declaratory judgments. For example, federal question jurisdiction over a declaratory judgment action is determined based upon whether the cause of action threatened by the declaratory judgment defendant "aris[es] under the Constitution, laws or treaties of the United States." 28 U.S.C. §1331; *Franchise Tax Bd. of Cal. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 18-19 & n.19 (1983) ("federal courts have consistently adjudicated suits by alleged patent infringers to declare a patent invalid, on the theory that an infringement suit by the declaratory judgment defendant would raise a federal question over which the federal courts have exclusive jurisdiction"). Also, whether the path of appeal in a declaratory judgment action leads to the Federal Circuit under 28 U.S.C. §1295 or to the regional Courts of Appeal under 28 U.S.C. §1291 also depends upon the nature of the underlying action intended to be addressed by the declaratory judgment. *Golan v. Pingel Enterprise, Inc.*, 310 F.3d 1360, 1366-67 (Fed. Cir. 2002); *Kidde, Inc. v. E. F. Bavis & Assocs., Inc.*, 735 F.2d 1085 (8th Cir. 1984).

Petitioner sought mandamus from the Federal Circuit only weeks before the scheduled commencement of trial but did not request expedited relief. Following denial of its mandamus petition, Petitioner did file an "emergency" motion to stay the trial under FED. R. APP. P. 8 coincidentally with its petitions for rehearing and rehearing *en banc*, all of which were denied. Petitioner thereafter did not seek any form of extraordinary relief in this Court.

Petitioner continues to vigorously assert that Respondents' patents are invalid and not infringed. The district court's findings of fact and conclusions of law pursuant to FED. R. CIV. P. 52(a) are expected to issue in due course. Appeal to the Federal Circuit by one or more dissatisfied parties is virtually certain. If Petitioner were to prevail in the resulting final decision from the Court of Appeals, Petitioner's right to a jury trial would no longer be a "live" issue and therefore would be moot. *Murphy v. Hunt*, 455 U.S. 478, 481 (1982) ("In general a case becomes moot 'when the issues presented are no longer 'live'' ... .") (quoting *United States Parole Comm'n v. Geraghty*, 445 U.S. 388, 396 (1980), which quoted *Powell v. McCormack*, 395 U.S. 486, 496 (1969)). Moreover, this is not the type of situation where the question presented is "capable of repetition yet evading review." *Murphy*, 455 U.S. at 482. In more "ordinary" patent infringement cases, the district court is more likely to stay trial until the higher courts can sort out the jury trial issue on a petition for mandamus. *See, e.g., Beacon Theatres, Inc. v. Westover*, 359 U.S. 500 (1959) (deciding Seventh Amendment question in mandamus proceeding).

The Court is therefore unlikely to encounter similar situations where the bench trial sought to be avoided, following denial of a petition for mandamus by the Court of Appeals, has already occurred. Now that the evidentiary

record has been closed in this case and the orderly decision-making process of the lower courts is underway, the Court should give that process the opportunity to play itself out rather than step in now and disrupt that process.

CONCLUSION

For the foregoing reasons, the petition should be denied.

Respectfully submitted,

ERROL B. TAYLOR
Counsel of Record
FREDRICK M. ZULLOW
JOHN M. GRIEM, JR.
LAWRENCE T. KASS
MILBANK, TWEED,
HADLEY & MCCLOY LLP
One Chase Manhattan Plaza
New York, NY 10005
(212) 530-5000

JAY I. ALEXANDER
MILBANK, TWEED,
HADLEY & MCCLOY LLP
1850 K Street, N.W.
Washington, D.C. 20006
(202) 835-7500

Counsel for Respondents

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No. 05-1583

In the Supreme Court of the United States

IMPAX LABORATORIES, INC.,
Petitioner,

v.

ASTRAZENECA AB, AKTIEBOLAGET HÄSSLE, KBI-E INC., KBI INC. and ASTRAZENECA LP,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF OF PETITIONER

JEFFREY J. TONEY
Counsel of Record
JOHN L. NORTH
WILLIAM F. LONG
SUTHERLAND ASBILL & BRENNAN LLP
999 PEACHTREE STREET
ATLANTA, GA 30309
(404) 853-8000

Counsel for Petitioner
Impax Laboratories, Inc.

Becker Gallagher Legal Publishing, Inc. 800.890.5001

LIST OF PARTIES TO THE PROCEEDING PURSUANT TO RULES 14.1(b) AND 29.6

Petitioner Impax Laboratories, Inc. certifies that the names of all parties to this proceeding appear in the caption of this Petition for Writ of Certiorari.

Petitioner has no parent corporation, and no publicly held company owns 10% or more of its stock.

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The present case presents a better case for Supreme Court review than the recent petition of *Technology Licensing*. In *Technology Licensing*, the Federal Circuit held that the plaintiff had voluntarily waived the right to a jury. No waiver exists in the present case. Moreover, the outcome of the present case will affect the rights of generic pharmaceutical companies to get their competing products to market. The petition is not moot, as it presents an issue "capable of repetition, yet evading review."

Rather than eliminate confusion, the *Technology Licensing* opinion will cause more confusion because it could not and did not overrule prior inconsistent Federal Circuit caselaw, and contrary to Astra's argument, has put the Federal Circuit in conflict with the other circuits.

Astra does not dispute that the only 18th Century judicial proceeding that could invalidate a patent was the writ of *scire facias*. Astra's other arguments are irrelevant under this Court's historical analysis. In sum, Astra has provided no sound reason for denying Impax's petition.

I. THE PRESENT CASE PRESENTS A BETTER CASE FOR SUPREME COURT REVIEW THAN *TECHNOLOGY LICENSING*

The present case presents a significantly better case for this Court's review than *In re Technology Licensing*, 423 F.3d 1286 (Fed. Cir. 2005), *cert. denied*, 2006 WL 1519374, (U.S. Jun 05, 2006) because the *Technology Licensing* facts were clouded by an issue of waiver. The Federal Circuit found that *Technology Licensing* had "voluntarily abandoned" its right to a jury trial. *Id.* at 1289-90.

The Federal Circuit and the District Court are attempting to extend the *Technology Licensing* holding to the facts of present case, notwithstanding that the present case includes no issue of waiver. The District Court expressly found that

Impax had not waived its right to a jury, 12a-13a and the Federal Circuit agreed: "Impax timely asserted a demand for a jury trial." 6a.

The present case presents a better case for the Court's review than *Technology Licensing* for the additional reason that it involves the right of generic pharmaceutical companies to get competing products to market under the Hatch-Waxman Act. Protecting the rights of generic drug companies presents an issue that is of exceptional importance to the well-being of this nation. *See generally* Wendy H. Schacht & John R. Thomas, *The Hatch-Waxman Act: Legislative Changes In The 108th Congress Affecting Pharmaceutical Patents*, CRS Report RL 32377 (2004). Moreover, unlike other patent cases, generic drug cases filed initially under 35 U.S.C. § 271(e) present a class of cases in which this precise issue arises with frequency because the patentee will frequently have the option of amending its initial complaint (which contains no damages claim) with a subsequent claim for damages, as was the situation in the present case. *See, e.g., Sanofi-Synthelabo v. Apotex Inc.*, No. 02- Civ. 2255 RWS, 2002 WL 1917871 (S.D.N.Y. Aug. 20, 2002); *Warner-Lambert Co. v. Purepac Pharmaceutical Co.*, No. Civ. A. 98-2749 (JCL), 2001 WL 883232 (D.N.J. March 30, 2001); *Hoechst Marion Roussel, Inc. v. Par Pharmaceutical, Inc.*, Civ. No. 95-3673 (DRD), 1996 WL 468593 (D.N.J. March 14, 1996); *Pfizer Inc. v. Novopharm Ltd.*, No. 00 C 1475, 2001 WL 477163 (N.D. Ill. May 3, 2001); *Glaxo Group Ltd. v. Apotex, Inc.*, No. 00 C 5791, 2001 WL 1246628 (N.D. Ill. Oct. 16, 2001).

II. THE PETITION IS NOT MOOT

Contrary to Astra's argument, Astra's Brief in Opposition ("Astra Opp.") at 2, 26-27, the petition is not moot, as no final judgment has been entered below. Moreover, if and

when entered, final judgment will not moot the issue, as this case presents the precise situation which is "capable of repetition yet evading review." *First National Bank of Boston v. Bellotti*, 435 U.S. 765, 774 (1978). A case is not mooted when (1) the challenged action was in its duration too short to be fully litigated prior to its cessation nor expiration, and (2) there is a reasonable expectation that the same complaining party will be subjected to the same action again. *Id.* at 774-775; *Meyer v. Grant*, 486 U.S. 414, 417 n.2 (1988). Both elements are satisfied in the present case.

The challenged action is the wrongful striking of Petitioner's jury demand. Petitioner followed the preferred procedure for challenging that action, namely, filing a petition for a writ of mandamus. *See Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 511 (1959); *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 472 (1962). This Court has repeatedly approved the use of mandamus as the appropriate vehicle for correcting a wrongfully stricken demand for a jury, because waiting until after a final judgment cannot undo the harm to the requesting party. *In re Simons,* 247 U.S. 231, 239-240 (1918). When the district court and court of appeals refuse to stay the trial pending this Court's review – and the *Technology Licensing* opinion now provides a strong disincentive for a district court to stay a trial pending review – a proceeding seeking a writ of mandamus provides insufficient time for this Court to consider the issue.

More than a reasonable expectation exists that Impax will be subjected to the wrongful denial of a right to a jury trial again. Impax is a generic drug company. Hence, practically every time it files an Abbreviated New Drug Application, it will be sued for infringement by the name-brand drug manufacturer under 35 U.S.C. § 271(e). The initial suit cannot include a claim for damages, but as is typically the case, Impax will receive approval to market its drug before

the infringement suit has been adjudicated. Impax and its customers will be faced with the threat of a damages suit, and the name-brand pharmaceutical company can exercise the same tactics as Astra in the present case by, for example, suing to recover damages from Impax's customers but seeking only injunctive relief directly from Impax, and thereby wrongfully denying Impax a jury.

Contrary to the implication of Astra's arguments, a petition requesting review of an order denying a writ of mandamus does not impose a higher standard of review. *See, e.g., Schlagenhauf v. Holder,* 379 U.S. 104 (1964) (reviewing denial of mandamus); *see also La Buy v. Howes Leather Co.,* 352 U.S. 249 (1957) (reviewing grant of mandamus). This Court should consider and decide the issue now.

III. THE *TECHNOLOGY LICENSING* OPINION DID NOT ELIMINATE CONFUSION

Astra's position is, in essence, that the *Technology Licensing* opinion has eliminated the confusion caused by the Federal Circuit's conflicting opinions. *See, e.g.,* Astra's Opp. at 10-11. That argument might carry some weight if *Technology Licensing* had overruled *In re Lockwood,* 50 F.3d 966 (Fed. Cir. 1995) (patentee entitled to jury trial on counterclaim of invalidity notwithstanding that damages claim had been dismissed) and the other Federal Circuit opinions inconsistent with *Technology Licensing*. But the *Technology Licensing* panel did not even have the power to overrule *Lockwood,* and in any event, expressly *approved Lockwood. Technology Licensing,* 423 F.3d at 1288 n.1.

District courts now will be required to sort out the Federal Circuit's inconsistent opinions, which is certain to result in misapplication of this Court's Seventh Amendment case law. As noted in Impax's Petition, the *Technology Licensing*

court's attempt to reconcile its opinion with *Lockwood* puts the Federal Circuit in direct conflict with the other circuits on whether a dismissed claim is relevant to determining the right to a jury trial, a conflict which Astra refuses even to acknowledge. Astra Opp. at 8. *Technology Licensing* is certain to cause only more confusion rather than resolving any confusion.

For example, the district court in *O2 Micro International Ltd. v. Monolithic Power Systems,* 399 F. Supp. 2d 1064, 1087-88 (N.D. Cal. 2005) found that a jury could not be treated as merely advisory on a counterclaim of invalidity when a party demanded a jury, notwithstanding that the patentee's damages claim had been dismissed via summary judgment. The *O2 Micro* court believed that, under *Technology Licensing,* the *dismissed* damages claim (as opposed to the counterclaim of invalidity) gave rise to a right of jury trial. *Compare with In re Evangelist,* 760 F.2d 27, 32 (1st Cir. 1985) (claim for damages dismissed on summary judgment not relevant when determining party's asserted Seventh Amendment right to a trial by jury); *Hildebrand v. Board of Trustees,* 607 F.2d 705, 710 (6th Cir. 1979) (accord). Astra's arguments that *Technology Licensing* has resolved any district court confusion and that the opinion does not conflict with the other circuits are meritless.

IV. THE *TEGAL* CASE DID NOT INVOLVE A DECLARATORY JUDGMENT COUNTERCLAIM

Astra's reliance upon *Tegal v. Tokyo Electron America, Inc.*, 257 F.3d 1331 (Fed. Cir. 2001) is misplaced. Astra Opp. at 13-14. The accused infringer in *Tegal* filed only an affirmative defense of invalidity; it did not file a counterclaim seeking a declaratory judgment of invalidity. *Tegal*, 257 F.3d at 1338, 1339.

Nevertheless, *Tegal* further undermines Astra's argument that *Technology Licensing* resolved any confusion existing in Federal Circuit Seventh Amendment jurisprudence. The *Tegal* court emphasized that *Lockwood's* holding (*i.e.*, that the accused infringer's counterclaim of invalidity was triable to a jury notwithstanding that the patentee's damages claim had been dismissed before trial) did not apply when the accused infringer asserted only affirmative defenses and no counterclaim. The *Tegal* court was careful to distinguish the situation in which the accused infringer had asserted no counterclaim: "this court holds that a defendant, asserting only affirmative defenses and *no counterclaims*, does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction." *Id.* at 1341 (emphasis supplied).

V. RESPONDENT DOES NOT DISPUTE THAT THE ONLY 18TH CENTURY CIVIL PROCEEDING THAT COULD INVALIDATE A PATENT WAS THE COMMON LAW WRIT OF *SCIRE FACIAS*

Astra does not dispute that the writ of *scire facias* was the only 18th century English judicial proceeding that could be used by an accused infringer to invalidate a patent. Astra does not deny that the *relief sought* in the modern counterclaim is identical to the relief sought in the 18th century writ of *scire facias*. Instead, Astra attempts to raise other arguments that are irrelevant under this Court's historical analysis.

A. Astra requests the Court to compare a modern reexamination proceeding before the PTO, a non-judicial proceeding, with the writ of *scire facias*. Astra Opp. at 22-23. Astra's proposed comparison is entirely irrelevant. The fact that a modern reexamination proceeding and the 18th century writ of *scire facias* both could be used to invalidate a patent does not change the fact that writ of *scire facias* is the

best analog to the modern declaratory judgment action of invalidity.[1] This Court's historical test requires identifying the closest 18th century analog with the claim and relief requested in the case at issue, not with some other proceeding not even at issue in the case.

B. Astra's argument that the standing requirement under the 18th century writ of *scire facias* was broader than the modern declaratory judgment counterclaim, Astra Opp. at 24-25, even if true, is similarly irrelevant. Astra tacitly admits that an 18th century competitor threatened with an infringement suit could initiate a writ of *scire facias* proceeding. Hence, the nature of the writ of *scire facias* encompassed precisely the nature of the modern declaratory judgment action to invalidate a patent. Whether the writ of *scire facias* was available to a broader class of litigants than the modern action is not relevant. The important point is that *scire facias* provided a cause of action to at least the same class of litigants as the modern declaratory judgment action to invalidate a patent.

C. Astra suggests incorrectly that all writs of *scire facias* were tried in courts of chancery. Astra Opp. at 21. In fact, *scire facias* proceedings to invalidate patents were ultimately tried in common law courts. *See, e.g., King v. Else,* 1 Carp. P.C. 103, Dav. Pat. Cas. 144 (K.B. 1785), and *King v. Arkwright,* 1 Carp. P.C. 53 (K.B. 1785). Both *Else* and *Arkwright* were tried before the King's Bench, an English common law court. The *Arkwright* case was tried before Judge Mansfield, one of the most famous common law judges of the late 18th century. *See, generally,* 1 J. Oldham, *The*

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[1] Of course, the modern declaratory judgment counterclaim is much more similar to the writ of *scire facias*, because, for example, both are judicial proceedings.

Mansfield Manuscripts and the Growth of English Law in the 18th Century (1992). Indeed, a "writ" was the procedure to initiate an action at law, as opposed to a "bill" which was the procedure to initiate a proceeding in equity. P. Devlin, *Jury Trial of Complex Cases: English Practice at the Time of the Seventh Amendment*, 80 Colum. L. Rev. 43, 57, 58 (1980). It is true that the chancery courts had great power, and the jurisdiction of the common law courts has been described as "any suit which the Lord Chancellor ... would permit to be tried in the [common law courts]." *Id.* at 45. Some legal causes of action would be filed with the court of chancery, but if the court deemed it a legal cause of action rather than an equitable cause, it would refer the action to the common law courts, and if necessary, invent a new writ to provide the plaintiff with a means to proceed before a court of law. *Id.* at 49. The only mode of trial available to a common law court was a trial by jury. *Id.* at 44.

D. Astra denies the independent nature of a counterclaim seeking a declaratory judgment of patent invalidity. Astra Opp. at 18-19, 25 n.6. Contrary to Astra's argument, the fact that such a claim may not be asserted unless there is at least a threat of suit by a patentee does not diminish the independent nature of the declaratory judgment action seeking invalidity. *Cardinal Chemical Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 96 (1993). Such a declaratory judgment claim may be asserted without regard to whether the patentee actually files suit, and the court would retain jurisdiction to adjudicate the claim even if the patentee did not file a counterclaim of infringement or if the patentee's claim of infringement is dismissed. *See Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, (Fed. Cir. 2005) (court maintains jurisdiction of declaratory judgment counterclaim to invalidate a patent unless patentee covenants not to sue for past, present and future infringement). Astra's argument that the accused

infringer loses its standing to litigate a counterclaim of invalidity if the patentee withdraws its infringement allegations is false, except in the circumstance (not present in this case) when the patentee covenants not to sue for past, present or future infringement. *Id.; accord Super Sack Manufacturing Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1059-60 (Fed. Cir. 1995).

E. Astra's argument based upon modern pleading rules that require the joinder in one suit of any infringement claim with a declaratory judgment claim of invalidity is also without merit. Astra Opp. at 25. Indeed, this argument has already been considered and rejected by this Court. *See Ross v. Bernhard*, 396 U.S. 531, 538 (1970) (the "Seventh Amendment question depends on the nature of the issue to be tried rather than the character of the overall action"); *Beacon Theatres,* 359 U.S. at 510 ("the availability of declaratory judgment or joinder in one suit of legal and equitable causes" cannot be used as a basis to deny the right of jury trial on legal issues). The fact that a suit for infringement is a compulsory counterclaim under modern pleading procedures does not affect the nature of the analysis: whether the declaratory judgment counterclaim asserts legal rather than equitable relief.

Even if the modern counterclaim seeking to have a patent invalidated can be properly characterized as "sui generis," it would not diminish the parties right to a jury trial. "The [Seventh] Amendment requires trial by jury in actions unheard of at common law." *Tull v. United States*, 481 U.S. 412, 420 (1987).

F. Astra also implies, incorrectly, that the remedy of damages is always the test for a right to a jury. Astra Opp. at 13. To be sure, if damages are sought, then a right to a jury attaches. But this Court has emphasized that if the

remedy sought, whether it be damages or some other remedy, was available in the late 18th century England only in a court of law, then the parties are entitled to a jury trial on demand. *Tull v. United States*, 481 U.S. 412, 421-422 (1987) (because a civil penalty was a type of remedy at common law that could only be enforced in courts of law, the parties were entitled to a jury trial on demand). Although the existence of damages in a case clearly gives right to a jury, the lack of a demand for damages hardly proves that no jury right exists. Numerous legal causes of action exist that entitle the parties to a jury that do not involve a demand for damages. *See, e.g., Pernell v. Southall Reality*, 416 U.S. 363, (1974) (action to recover possession of real property entitled to a jury trial because it was a common law remedy under 18th century procedure). In *Pernell*, the relief requested constituted a demand for legal relief, and the parties were therefore entitled to a jury on demand. Petitioner's demand to invalidate Respondent's patent constitutes a demand for legal relief, and therefore entitles the parties to a jury. The absence of a demand for damages is not relevant given the legal nature of Petitioner's demand.

CONCLUSION

The right to a jury trial is one of the most important rights guaranteed by our Constitution. Astra has provided no argument to rebut the reasons for granting certiorari outlined in Impax's Petition. Impax respectfully submits that the Court should grant Impax's petition for a writ of certiorari.

Respectfully submitted,

Jeffrey J. Toney
Counsel of Record
John L. North
William F. Long
Sutherland Asbill & Brennan LLP
999 Peachtree Street
Atlanta, Georgia 30309
(404) 853-8000

Attorneys for Petitioner Impax Laboratories, Inc.